# The MAGAZINE of WALL STREET

March 23rd 1929

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# What Next in The Market?

By Arthur M. Leinbach

# Chain Stores In Vital Conflict

By H. J. Knapp

# 8 Stocks Which Should Increase Dividends

By The Magazine of Wall Street Staff

★★★★★★★

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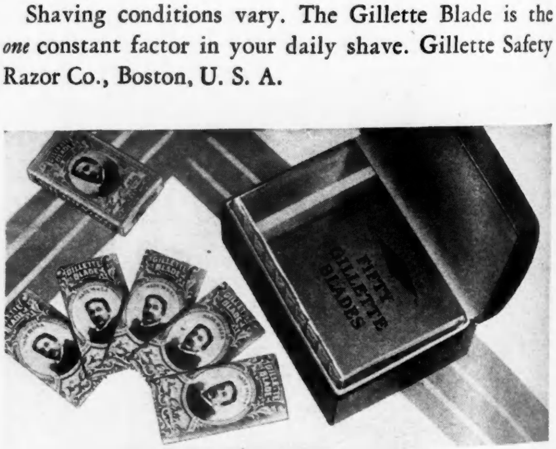


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**Vol. 43 No. 11** **March 23rd, 1929**

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# WITH THE EDITORS

# How Much Diversification?

THE market of the past year or more has been one to fire the imagination. It has gained a huge public following, has broken many precedents and modified, where it has not demolished, many time tried standards by which values were gauged and investment programs planned. Spectacular appreciation in prices has proved a lure toward common stocks. With a contemporaneous lethargy in the bond market, and less than usual favor evidenced toward preferred issues, many investors, as a result find themselves committed to a preponderance of common stocks.

The highly desirable safety growing out of a balanced investment portfolio in which bonds comprised a major holding, supplemented with certain preferred equities and a few sound common stocks, cannot well be observed under such conditions. Seemingly the principle of diversification by means of security types has been not uncommonly neglected. This situation however should throw all the more emphasis on the need and desirability of what is more commonly understood by the term diversification. That is to say if the complete list of holdings, actual or contemplated, reveals what might be considered an inordinate proportion of common stocks it is all the more important that these issues represent as many different types of industries as practicable.

Common stocks as a class are naturally more susceptible to fluctuation in price than senior obligations, hence the old adage against carrying all of one's eggs in one basket becomes more applicable than ever.

The farsighted holder spreads his commitments over as many of the stock groups, representing the various leading industries, as his means or his investment program permit. He does not carry a half dozen rails and as many motor car stocks but rather, having accumulated substantial representation in each of these groups, turns, perhaps, to the utilities, the oils, the metals or the merchandising stocks for his future purchases. In the end the very diversity of his list is a measure of protection against unfavorable industrial conditions in any one division of business.

In a country as large as ours with its extensive ramifications of trade and industry it is extremely unlikely that all lines of business will be subjected to unfavorable conditions simultaneously. Business itself presents far too great diversity. Why not capitalize this very fact in the investment program?

## In the Next Issue

1. ***The Best Stocks in Industries Which Are Improving Their Position.***

   This publication has long preached the importance of the industrial background behind securities. It has continually emphasized the profit possibilities in stocks of industries which have recently turned, or are about to turn the corner of adversity and are hence faced with better prospects, particularly for its strongest companies. This feature presents a detailed description of the trend of four important industries in this category together with an analysis of the two most attractive companies in each.

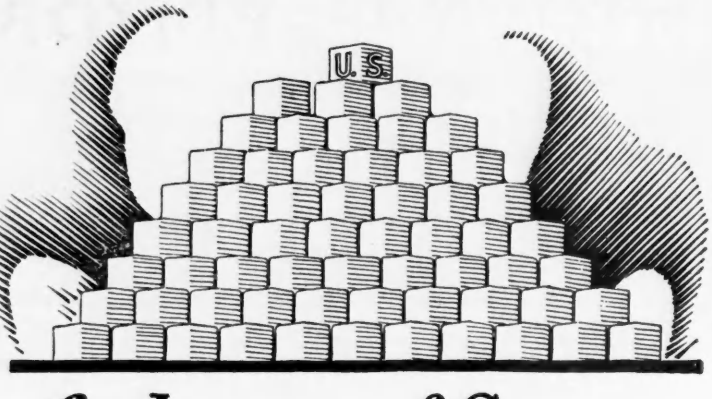
2. ***How Far Will Commodity Speculation Go?***

   Many signs indicate a new interest in commodity markets. Commodity exchange are steadily increasing the daily volume of their transactions, indicating a growing public following. To what limits will this popular tendency go, and what will be its reactions on commodity prices themselves and on business in general? Read this interesting discussion.

3. ***Three Comprehensive Plans for Practical Investment.***

   This highly practical article sets forth three plans for the investment of sums to meet specific needs. It discusses investment with various objectives and makes definite suggestions for employment of funds to these ends.

4. ***Other Timely and Important Features.***




# 60 Lumps of Sugar – Only 1 Produced at Home!

Although it is a common sense principle that a nation should grow its own food, one of our most vitally important foods, sugar, comes to us largely from lands across the sea.

Sugar stands near the top of the list of foods that must be supplied in adequate amounts to all the people, in war and in peace. When the British Government took over the control of public food supplies at the outbreak of the war in 1914 sugar was the *first* item to be put under contol. Similar measures were taken in this country to protect the public sugar supply when the United States Food Administration was created in 1917.

The reason is clear. Peoples living in cold and temperate climates require a good deal of heat-and-energy-producing food. Sugar is high in these elements, containing 98% of digestible carbohydrate and furnishing 1,750 calories in fuel value for each pound. It also has the extremely important advantage of being easy to keep under almost all climatic conditions without spoilage, while its low content of waste matter (2%) makes it one of the most "efficient" articles of food from the standpoint of transportation and storage.

The United States should produce more of its own sugar within its continental limits, for security in time of war if for no other reason.

The undersigned companies are devoting many millions of dollars in capital and the energies of an expert personnel to the cause of increasing the home-grown supply of American cane sugar. Exhaustive experiments have shown what science and modern industrial organization can do in this field, and point to a large growth of the industry and a satisfactory return on the capital invested. An illustrated booklet, telling the story of these companies, will be sent upon request.

## DAHLBERG SUGAR CANE INDUSTRIES

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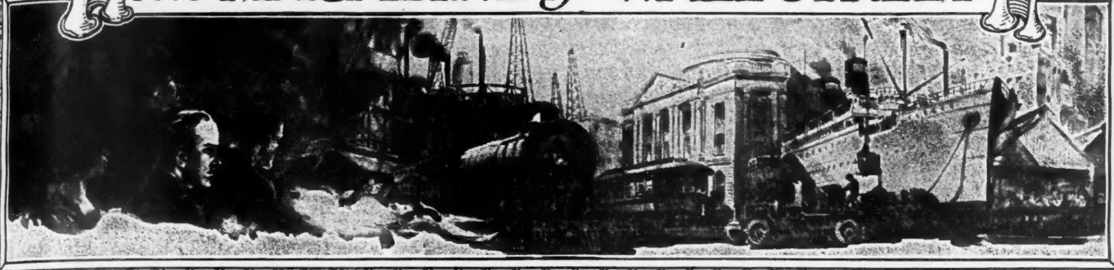


# INVESTMENT & BUSINESS TREND

*Scarcity Values—A World Central Bank—*
*Railroad Consolidations—Business Outlook—*
*It Sounds Un-British—The Market Prospect*

*SCARCITY VALUES*

WHEN the terms of the March Government financing was announced, Secretary Mellon was thoughtlessly criticised in some quarters for putting the Government in a position in which it was compelled to pay "so high a rate." According to these critics, the Secretary should have placed a larger amount of long term financing a year or so ago when money rates were lower and thus avoided the necessity of coming into the market under existing conditions. Of course, these observers are speaking with the definite knowledge of conditions that might be reasonably considered to have been unforseen a year ago and on this basis alone the criticism is unwarranted. But there is more to the matter than this. Assuming that Mr. Mellon possessed some unusual foresight concerning future developments in the money markets, there is still a good deal of wisdom that must be recognized in his refunding program of past years. The secret of his outstanding success in Government financing since he assumed the duties of his important office was to maintain at all times a real and tangible scarcity value for U. S. Government bonds. Even in some of the major refunding operations that ran into ten figures, the offerings were handled so skillfully that always a comfortable margin existed on the demand side of the market for Government issues. Bond experts are now pointing to the probable scarcity value of high grade investment bonds of corporate origin that may result from the several extensive refunding operations projected for the early part of the year. With the U. S. Steel Corporation planning to eliminate almost a half billion dollars' worth of bonds and a similar plan of smaller proportions announced by Anaconda Copper, it is not unlikely that a definite scarcity value for bonds might materialize if this tendency in corporate finance continues. The present popularity of common stocks and the indifference toward bonds certainly does not extenuate this probability.

*A WORLD CENTRAL BANK*

STATESMEN and economists have been toying with the idea for years of a huge international central bank to function as the clearing house for payments between all of the leading countries of the world. So rapid is the pace of progress, that twice within the past twelve months has a concrete proposal been made for such an institution. During 1928, a year of unusually heavy international gold shipments, the plan was advanced to establish an international "gold reserve" bank, where the gold reserves of the more important central banks of the world would be stored. Exchanges of gold made necessary by trade and credit movements between the various countries would then be accomplished by merely making a bookkeeping entry on the books of the international gold "institute." Insuperable obstacles, such as the management and control of this proposed bank, the physical location of its gold holdings and the eventuality of war among nations, defeated the plan. Yet the very conception of such an idea indicates how far our material civilization has advanced in the western world. And now the plan is reborn

in another form. This time the proposal emanates from the committee of Experts sitting in Paris to solve the vexing problem of reparation payments. An international corporate banking institution is proposed to handle these payments and to act as a clearing house for the exchange of kind and credits between nations that will arise from an agreement on Germany's reparation payments. In view of the fact that these payments and transfers will represent a large part of international exchange of credits for many years to come, this proposed international banking institution would virtually assume the role of a "central" bank for all nations. As is to be expected, the proposal drew the fire of many politicians "back home" in practically all of the countries concerned. However, the plan this time is no idle dream. It is forced upon the consideration of all nations by both economic and political expediency, and emanates as a carefully weighed proposal by the representatives of powerful nations who are vested with sufficient authority and influence to bring the idea into the realm of practical operation.

### *RAILROAD CONSOLIDATIONS*

JUST at the time when the carriers of the east are evincing a willingness to give and take in trade as shown by the recent announcement of the sale of New York Central's and B. & O.'s holdings in Wheeling and Lake Erie to the Van Sweringen interests and the sale of Buffalo, Rochester and Pittsburgh to B. & O., comes the order from the I.C.C. which tends toward further delay in the matter of railroad consolidations. The order to the roads involved to divest themselves of Wheeling and Lake Erie holdings is of course no more than a formality in that the roads involved, in a sense stole a march on the Commission by selling their Wheeling stock to the Van Sweringen's Allegheny Corporation over which the I.C.C. has no control. Nevertheless the decision reveals a sharply defined division among the members of the Commission. The majority opinion further shows an inexplicable hesitancy to grant individual applications relative to Eastern consolidations, despite the apparent desire of the carriers to work out among themselves the vexing short line problem.

### *BUSINESS OUTLOOK*

THE gains in car loadings which are now running consistently above the levels of the corresponding weeks of last year attest the activity of manufacture and the freedom with which goods are moving into distributive channels. With the absence of serious labor disturbances, employment and wages maintained at generally favorable levels, the purchasing power of the country results in heavy and widespread consumption of products of all kinds. Barring the specter of restrained credit for business purposes the horizon of trade and industry reveals no serious clouds.

### *IT SOUNDS UN-BRITISH*

A MOST unfortunate precedent was established by the shareholders of General Electric Co., Ltd., when they voted to issue new stock exclusively to British stockholders and without extending the privilege of subscription to the stockholders of other nations. When it was first announced that the directors of this company planned to create a new issue of 1.6 million shares of stock, one of the publicly stated terms of the proposed financing was that only the British shareholders were to be given the right to subscribe. The aim of this provision has since been stated as merely to encourage investment in England and to discourage tendencies toward inflated market values by the buying of American interests. Just why the directors of this company feel so badly about the fact that their stock sells at high prices is yet to be explained. Incidentally, only British shareholders have voting privileges, although the shares are widely held in this country and have an active market in New York as well as London. In this case, the incidental becomes an important factor, because the British shareholders are voting themselves a "bonus" over the protest of the American shareholders. In effect, the company is depriving the foreign stockholders of property rights by the discriminatory action. Technically, of course, the directors are acting within their corporate powers because the American investors understood when they bought their shares that they would have no voting privileges. "Justice is being flouted. That sort of thing is not done. It's not playing the game fair," shouted a British shareholder excitedly at the stockholders meeting. Nevertheless the action was carried by virtually unanimous vote, and a precedent is established that seems to fit badly into the traditional British spirit of fair play and sportsmanship.

### *THE MARKET PROSPECT*

A FULL analysis of the current and prospective position of the market appears on pages 913-914.

# *How Diversified Is Our Prosperity?*

## *A Searching Examination of the Bases of Prosperity After Seven Unprecedented Years and a Forecast of What Is to Come*

By THEODORE M. KNAPPEN

AFTER seven years of prosperity, exceeding in uniformity, continuity and duration, any other period of well-being in the history of this or any other country, it is no longer permissible to speak of the golden age as some remotely ancient period. *This* is the golden age of America.

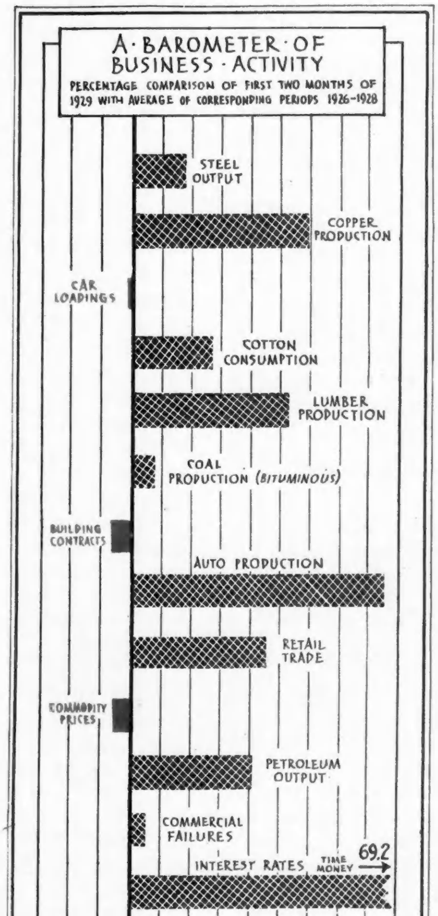
But there are those that say that the gold is tinsel, and many who are convinced that it is too good to endure much longer. The tinsel commentators maintain that while the prosperity of the country, measured in totals, cannot be denied, it is so unevenly distributed as between industrial groups and between units in groups that it is possible to contend that on the whole it is a great illusion.

Those who are dubious about the future sometimes base their misgivings on certain facts or tendencies but are more generally prompted by a vague conviction that in the transience of all things human, this unexampled period must come to an end and that its very prolongation suggests that the end must be near.

*How Real, How Diversified, Is Our Prosperity?*

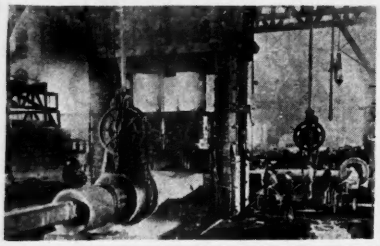
Let us consider, first, the basic industries.

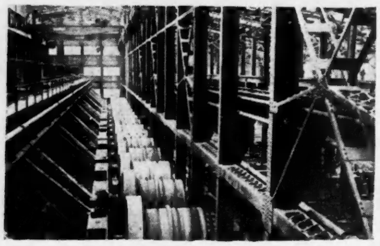
It is generally conceded that on the whole agriculture has not shared in the emoluments of the seven fat years. On the other hand it appears that the position of agriculture has been improving, and that it is at the end of the long period of after-war readjustment, which was a much slower process with it than with the manufacturing industries. As a result of the war agricultural production and manufacturing production got out of balance. It followed that "the cost of industrial commodities in terms of agricultural produce not only made agriculture unprofitable but in many cases forced it to operate at a loss." The only solution was a slow one. With agriculture, "production costs cannot be cheapened by mass or continuous production methods, for the ability of the world to absorb agricultural products is, within certain tolerances, strictly limited. Thus, while manufacturing industries were in a position to increase wages and output and reduce unit costs and sales prices, agriculture could not increase its output without aggravating the distressing situation which already existed."

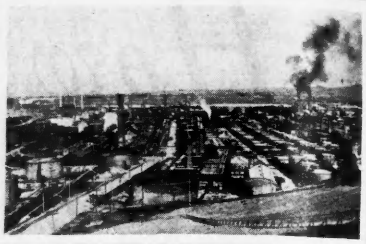


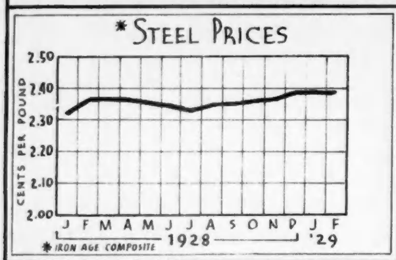

Agriculture had to mark time, to stand still, or recede, until the balance between agricultural and manufacturing production was restored. According to a study made by the Department of Commerce, from which the foregoing quotations are taken, this painful waiting process has been steadily at work since 1923. Agricultural output throughout the world has been stationary since then, while manufacturing output has steadily increased.

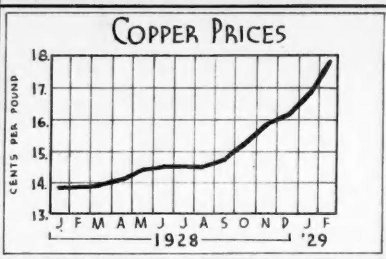
The balance between agriculture and manufacturing has been re-established. Agriculture will continue to have its ups and downs from year to year but it is no longer subject to a controlling and persistent adverse condition. It may therefore be said, as much as it is possible to say it of an industry that is so little subject to conscious control of its output and so much dependent upon the elements, that agriculture is now participating in the general prosperity. It is or is about to be in as good a relative position as it ever was except for short periods when it was more favored by economic events than industry—as during the war and immediately afterwards. Moreover, the outlook is that this year will witness the enactment of federal legislation that will strengthen the position of agriculture as much as it is possible to do so by wise governmental aid. Aside from basic

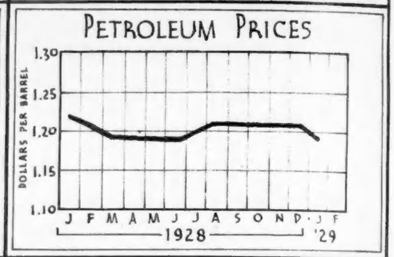









factors, the agricultural outlook for 1929 is decidedly encouraging.

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***Iron and Steel*** Turning to the basic manufacturing industries the general outlook for iron and steel is roseate. Most commentators agree in the dictum that few branches of American business appear to be in a more favorable position at present than the iron and steel industry. Record output and wider profit margins gave this industry a great impetus in 1928. The probabilities are that the output of the first quarter of 1929 will establish a new high record accompanied by firm prices and an increase of the unfilled order file, despite the fact that forward buying is becoming as out of date in the iron and steel trade as in other trades. The outlook for the secondary industries, on whose activity the iron and steel industry depends is good with rare exceptions.

The bituminous coal industry has not found itself among the recipients of prosperity in recent years but it is beginning 1929 with increased output, more working days and higher productive efficiency.

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***Other Basic Industries*** Copper is highly prosperous. The demand is gaining and prices hold the highest levels of a decade. The January production was the second largest on record, February was not far behind, but shipments exceeded output. Wages have been raised.

The lumber industry is one that has gone hungry at the loaded banquet table in recent years, but it showed improvement in prices and earnings in 1928, and the outlook is getting brighter. Production is below the three-year average, but this is considered as a good sign—pointing toward balancing of the supply and demand equation. New business is exceeding production and orders on hand are mounting. The export business is growing, although domestic consumption remains stationary from year to year. This industry has suffered from "the new competition" but is now intelligently adapting itself to the new conditions and is considered to have a bright future.

Petroleum is another industry that has been more successful in production than in marketing. It has produced too much and sold at cut prices. A turn for the better is indicated by a new willingness on the part of leading companies and groups in the oil industry to get together for the purpose of controlling excess production by allocation; but although progress has been made in this direction the excessive high levels which still prevail in crude output certainly leave much to be accomplished. Earnings are far from satisfactory and definite improvement except in isolated cases cannot be anticipated until this orgy of production is firmly taken in hand.

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***Textiles Better, Autos Exuberant*** The textile industries, as a group, have found no place in the prosperity column but they begin to have hopes of being among the elect. January was next to the record month in consumption of cotton. Silk manufacturers are optimistic, and rayon production is still expanding; even woolen and worsted manufactures are making progress. The erection of large numbers of new textile mills reflects the confidence of the industry in its future.

The record 1928 prosperity of the automobile industry continues. Last year 12 automobile manufacturing companies showed an 18 per cent increase in earnings. In the same year automobile accessories earnings increased 84 per cent. The automotive industries are now so intimately related to the life of every part of the country and every stratum of society that it may well be argued that they are a thermometer of diffused prosperity.

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***Railroads Doing Well*** The railroads are surely in the prosperity column. Earnings of Class 1 roads for the first two months of this year exceeded the same period of 1928 by almost 30%. Car loadings are steadily gaining, although the passenger business continues to decline because of the competition of motor car and bus.

The revival of agricultural prosperity is reflected in the rapidly expanding sales and increasing earnings of makers of agricultural implements. Machinery, as a whole, is prosperous; railway equipment concerns have had three bad years but the outlook for 1929 is hope-

ful, with 35,000 new cars ordered in the first two months compared to 50,000 for the whole of 1928.

Electrical equipment is extremely prosperous, earnings for reported companies in 1928 having increased 152 per cent over those of 1927, utility expansion and radio production being responsible for the lion's share.

The motion picture industry, like the automobile, is closely responsive to the nation's pocket book—and its earnings are increasing rapidly—at least so far as the earnings of the larger companies are reflective of the industry as a whole.

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*Building Construction*

Last year with its $8,000,000,000 of new buildings set a record in the building field, and it was a year of great prosperity for the builders, but on account of competition and over-production was not so good for the producers of building materials. Building is falling off so far this year. The country appears to have caught up with residential requirements in some centers, and in a few parts is undoubtedly over-built. Heavy or business purpose construction is gaining this year, but whether sufficiently to offset the decline in residences remains to be seen. From the long range standpoint no drastic or prolonged decline appears in prospect, although tight money may exert a restraining influence. An interesting outgrowth of high priced mortgage money is the incipient tendency to replace bonds with stocks in building financing—a departure that holds much of interest for investors.

The public utilities are undoubtedly prosperous. Summaries published by the U. S. Department of Commerce for 114 telephone and telegraph companies indicate a steady growth in net earnings as well as in operating revenues. Ninety-five other public utility companies increased their net income 10.6 per cent in 1928. The consumption of electrical energy has advanced 31.4 points, or almost 34 per cent, since 1924.

The foodstuff industries present a more favorable picture. Packaged goods are in growing demand, meat packers face improving trade conditions while tobacco is on even keel despite the sharpness of price competition.

Merchandising, as reflected by the big chain, department stores and mail order houses, is proved by its earnings to be decidedly prosperous, but the smaller independent merchants have a plaintive tale to tell.

*Employment Gaining*

According to the figures of the U. S. Department of Labor, employment and the earnings of labor are increasing, at least in 12 great groups of industries. In these the number of persons on the payrolls increased 3.2 per cent from December, 1927, to December, 1928, and the total amount of the payrolls increased 4.8. The actual increase of the number of employees is striking in view of the steady tendency toward greater productiveness of labor, which has resulted in a general lowering of industrial employment since 1923. As compared with such employment in 1923 the December index figure was 87.8.

"Very notable increases," says the *Monthly Labor Review*, "were made over this twelve month period in the machine tool, foundry and machine shop product, structural iron work, iron and steel, brass, automobile, automobile tire, agricultural implement, and electrical machinery industries, the vehicle, iron and steel, nonferrous metal, food and chemical groups, and the group of miscellaneous industries also showed decided gains in employment."

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*Cost of Living Declining*

While employment and payrolls have been increasing the cost of living remains practically stationary as compared with a year ago but with a slowly declining tendency since December, 1925.

Wholesale commodity prices are practically the same as a year ago, for 550 commodities, but are (December) 3.3 points lower in the index scale than they were three years ago.

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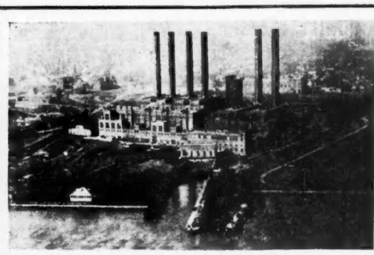
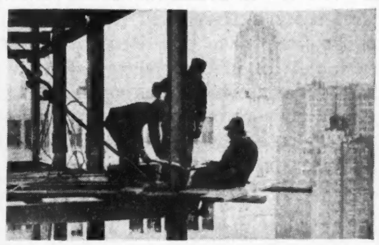
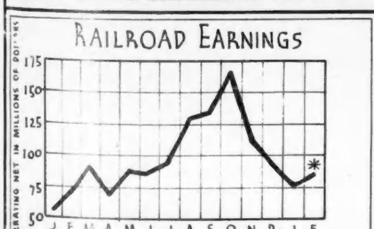
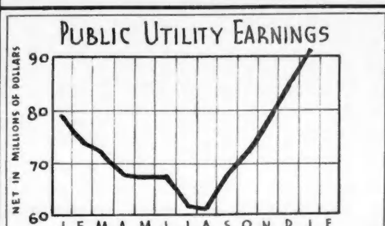
*The Foreign Trade Factor*

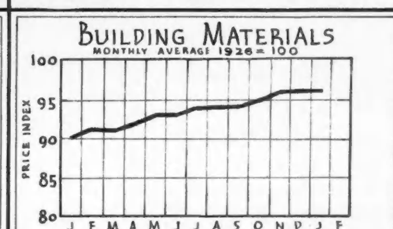
The United States has been for a century profoundly involved in the ebb and flow of business tides abroad. As a dominating agricultural nation it was dependent upon the foreign demand for its surpluses of agricultural products, and the prices the surpluses brought governed the domestic prices of those products. Now that increasing domestic consumption is narrowing the effects of foreign demand on some agricultural products, manufacturers are coming to be dependent upon

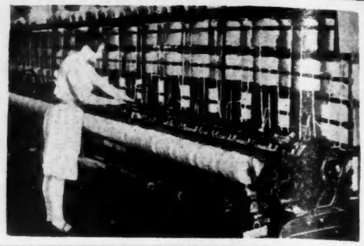


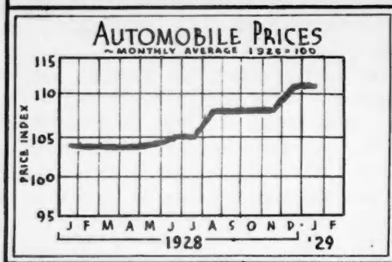


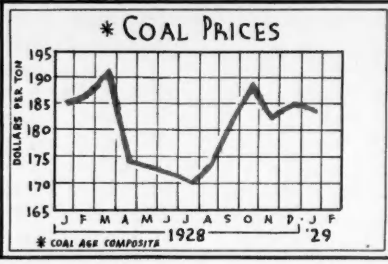


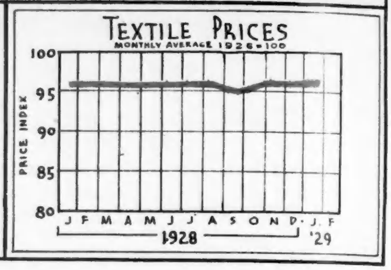








foreign outlets for a full measure of activity and prosperity. The past year recorded larger and more profitable exports than in any year since the abnormal post-war period, and the increase was largely in manufactured goods. Canada is now our best customer—and Canada is rolling in prosperity. The general recovery of the world from the chaotic economic conditions resulting from the war presages better foreign trade in 1929 than in 1928. Final settlement of the German reparations problem would have a tonic effect.

One cloud on the foreign aspect is the possibility of upsetting tariff changes at the forthcoming special session of Congress. The administration will seek to limit and restrict increased tariffs on manufactures, but once Congress gets started on the inevitable log-rolling of new tariff legislation in the present orgy of high tariff sentiment, there is no telling what excesses may result.

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***Money and Credit***

While we must conclude on the whole that prosperity is real and as well distributed as it can be in a country so highly and completely organized commercially as the United States, especially in view of the profound changes—even revolutions—almost daily worked by the progress of science, invention, production and distribution, it must be admitted that we are confronted by a novel and perplexing financial situation. In the first place, the Federal Reserve ratio reveals a wide margin of unused credit at a time when money rates for commercial purposes, both for productive capital and current business operations, are stiff. Normally, interest rates should be relatively low at this season of the year, but we confront a period of seasonal expansion of credit requirements with the money market tight.

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***The Dilemma of Surplus Corporation-Funds***

The Federal Reserve Board, as well as the banking community generally, is seeking to and is succeeding in reducing bank credit for stock market speculation, but the banks still are not in a position to contribute to easy money. There is a general conviction that corporate loans in the speculative money market, independent of the banks, but withdrawn from them, are exercising an effect on the supply of money available for business that the banks cannot nullify.

At the same time it is well known that there is a strong element in the New York Federal Reserve Bank board that still believes that the diversion of credit to the stock market can be checked by a higher discount rate. Granting that this element is right the question arises: How can the rediscount rate check the flow of funds into speculation without increasing commercial money rates? And this at a time when the sound tendency of business is toward expansion. The stock market and the ordinary business of the country are apparently in a conflict of credit interests. The situation is rendered abnormal, even paradoxical, by the fact that it is business itself that is diverting business money to the stock market's call money desk. There must come a time when the corporate money lenders will have to decide whether their long-time prosperity is linked with the stock market or with "legitimate" business.

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***Will There Be a "Hoover" Commodity Boom?***

It is a ticklish position, and how it is handled or unhandled is certain to be an important factor in the continuation of prosperity, the setting for which has been emotionally heightened by the accession of the Hoover administration. Perhaps, the "Hoover" commodity boom, which some observers expect will drive the stock market boom from the stage, will be held in check by tight money. But it may happily turn out that the stock market boom will prevent a runaway speculative commodity boom, and that funds will be so gradually diverted from security speculation to ordinary business channels that business will expand conservatively while stock market speculation gradually contracts. In any event investors must remember maintenance of prosperity means larger dividends and greater intrinsic and permanent stock values, even if they should be at the cost of lessened activity of the security market.

Prosperity is real, as widely shared as could be reasonably expected, and should continue without pronounced fluctuations unless the machinery for controlling and distributing a supply of credit that is equal to any proper demands that may be imposed upon it shall break down.

# *Forthcoming Events Cast Their Shadow in The Stock Market*

*Credit the Dominant Factor*

By Arthur M. Leinbach

"WHAT is ahead for the stock market?" This is the question that is being asked in a multitude of different terms in board rooms all over the country. It is the prevalent thought of a great army of investors who are now holding stock, some of whom have bought for cash; others who have purchased their shares with the kindly assistance of the banks; and still others who are holding stocks "on account" at a price which has been rather consistently around 8% on debit balances.

There have been few periods in the history of this market when the outlook seemed so uncertain to this legion of participants. The market has enjoyed its little celebration of our new President's inaugural; it has suffered its "morning-after" headache, and is again blossoming forth with that hectic energy of the recovered dissipate. What is the next step?

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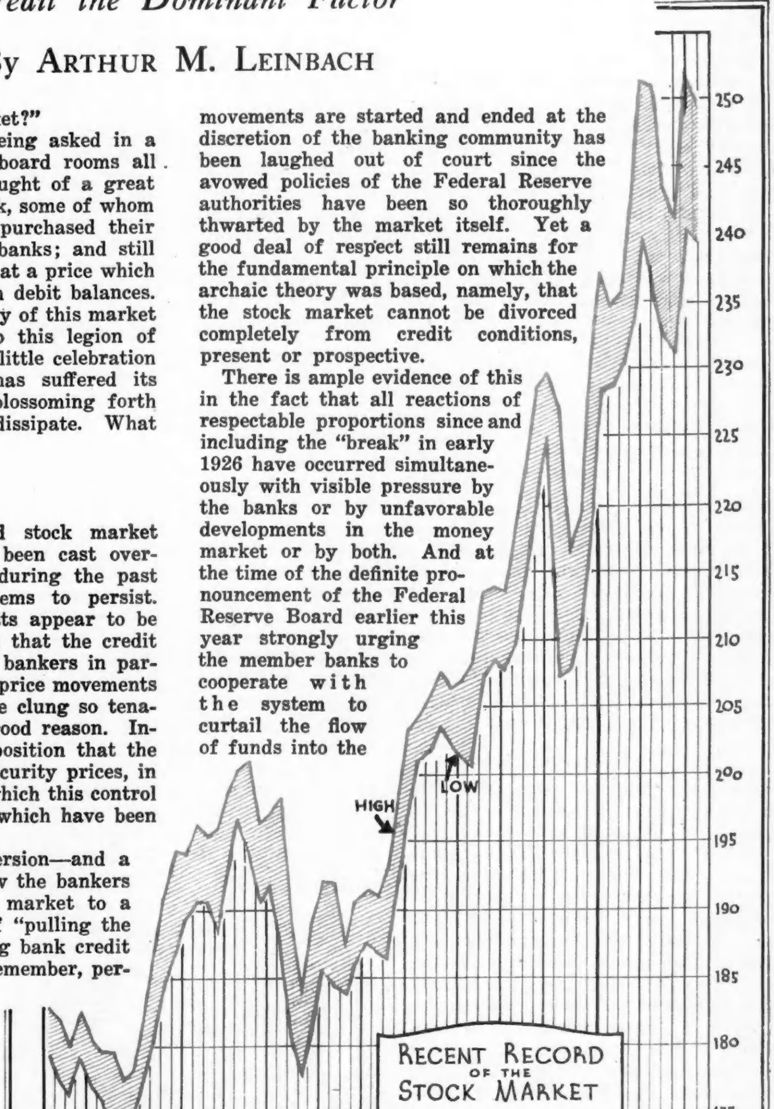
**The Old Credit Theory**

Of all of the old stock market theories that have been cast overboard one by one during the past few years, one seems to persist. Stock market traders and security analysts appear to be unwilling to relinquish entirely the notion that the credit situation in general and the policy of the bankers in particular bears an effective relation with the price movements on the stock exchange. Perhaps they have clung so tenaciously to this old "basis principle" with good reason. Indeed there is much logic to support the position that the control of bank credit means control of security prices, in the long run, even though the methods by which this control is effected are different than the methods which have been witnessed in the past.

There used to exist a very graphic version—and a widely accepted one, if you please—of how the bankers arbitrarily brought each and every bull market to a fatal end by that mysterious technique of "pulling the money strings," as the practice of deflating bank credit was popularily termed. Old-timers may remember, perhaps humorously, in the light of present day facts, some of the impressive charts which vividly illustrated how the whole stock market machinery was manipulated by the simple act of corpulent bankers pulling up and down on the levers of bank credit. According to these charts, stocks were destined to be thrown on the market, precipitating the "inevitable" bear market, many years ago.

The traditional notion that market movements are started and ended at the discretion of the banking community has been laughed out of court since the avowed policies of the Federal Reserve authorities have been so thoroughly thwarted by the market itself. Yet a good deal of respect still remains for the fundamental principle on which the archaic theory was based, namely, that the stock market cannot be divorced completely from credit conditions, present or prospective.

There is ample evidence of this in the fact that all reactions of respectable proportions since and including the "break" in early 1926 have occurred simultaneously with visible pressure by the banks or by unfavorable developments in the money market or by both. And at the time of the definite pronouncement of the Federal Reserve Board earlier this year strongly urging the member banks to cooperate with the system to curtail the flow of funds into the



stock market, sentiment in the financial district became less optimistic and the market itself lost a good deal of its vivaciousness.

The sudden turn in the market from weakness to spectacular strength that occurred at the time when most investors were busy figuring how much income tax they must pay Uncle Sam from last year's profits, seemed to add another disconcerting factor to an already confused financial picture. What upset the market calculations of some, however, merely tended to confirm the expectancy of others. For the opinion of those few courageous observers who took an optimistic view of the market during the moments of its greatest weakness, based their position on the apparent paradox that if the control of the banking authorities over the stock market is to be effective, the market will herald the victory of the Federal Reserve authorities not by weakness, but by an attempt to dislodge shorts before the market gives way. A stock market boom that would pleasantly yield to the pressure of the banking community without a spectacular burst of strength would indeed be a new phenomena for economists and analysts to ponder. Thus, there is nothing incompatible in the view that Federal Reserve policies will ultimately bring the market to a halt and any unusual strength that the market may develop in the meantime.

To say that the recent rebirth of buying power behind the stock market represents "another failure" of the banking authorities is to overlook entirely the proper time element that necessarily must be involved in the working of the particular policies that the Federal Reserve authorities are now pursuing. When these gentlemen issued their widely published "warning" to member banks during the early part of February, no sane man expected that results would be forthcoming immediately with the possible exception of some scattered liquidation by badly frightened individuals. Indeed, it was made painfully clear at the time that immediate and drastic action was neither hoped for nor desired.

### *The Quick and the Slow Measure*

So much emphasis has been laid on rediscount rate changes during the past year, that the general public, and a good many initiates as well, seem to feel that the bank rate is the only vehicle of the Reserve banks for controlling credit conditions. As a matter of fact, the banking system is endowed with several important means of controlling credit; one being the rediscount rate, which is the "quick" measure; another of great importance being the *influence of the system over member bank operations*, which is the "slow" measure; and others of less importance being as the sale of Government bonds, open market bill purchases and sales, etc. The two most effective measures, however, are the rediscount rate changes and the cooperation of member banks.

In 1920, the Federal Reserve Board employed both of these mediums at the same time. The New York Bank for example, raised its rate from 4¾% to 7% within a few months at the same time that member banks in this and other Reserve districts were compelling their customers to take up their loans against stock exchange collateral. A virtual stock exchange panic followed this move and the forced liquidation everywhere resulted in severe industrial depression as well. This bit of recent financial history is introduced into the discussion at hand because it unquestionably has a bearing on current banking policies. Those gentlemen who guide the destinies of the Reserve Board are not anxious to witness a repetition of the 1920 episode. They are bringing the member bank cooperation—the "slow" measure—into effect first. If it is necessary to employ more drastic action, the member banks then will be in a better position to stabilize credit conditions, and even to offer support to the market.

### *Member Banks and the Board*

So the effectiveness of the Reserve policy must be judged solely in the light of what this policy sets out to accomplish. The willingness of the member banks to cooperate with the central banks has not been by any means unanimous, as may be judged by statements and criticisms originating within the banking system itself that have found their way into the press in recent weeks. It is always true, however, that member banks with little or no borrowing at the Reserve banks are not as susceptible to the influence of Reserve policy as the banks which are large borrowers, and there is no comparison between the volume of member bank borrowing in 1920 and at present. Reports from various reserve districts, nevertheless, indicate a significant degree of member bank cooperation. Federal Reserve Board influence has already reached the individual bank customer; new loans against stock exchange collateral are refused point blank with the additional unpleasant news of the intention of the bank to cut down old loans as rapidly as possible without bluntly embarrassing the customer. This tendency is further confirmed by the weekly statements of member banks which show loans against securities pretty well "pegged" at around 7.5 billion dollars (for the reporting member banks only) since the early part of February. During the past twelve months these same loans have been growing at the rate of over a billion dollars a year.

### *A Basis for Temporary Strength*

Consequently, if we adjust our viewpoint to allow properly for the time during which the present banking policies might reasonably be expected to become effective, we are more likely to see success of the Board's efforts rather than failure. Furthermore there are technical factors in the market itself which are beyond the control of the banking officials. A good deal of short selling had been induced by the weakness of the market during the early part of March. If the market were really destined for a corrective movement of sufficient proportions to appease the Reserve Board, it is only natural to expect a hearty attempt to drive the shorts to cover before such development occurred. In this kind of a market, where investor psychology plays such an important part, it is not unlikely that the impetus from short covering would attract some sort of a following, quite possibly enough for another exciting demonstration on the bull side of the market.

To the more conservative trader such a demonstration would lack conviction. The apprehension about losing a favorable investment position is not so imminent in this market as it was during the past year or so. The expansion in brokers' loans and other evidences of inflation in stock exchange borrowing may be interpreted as signals of distribution with just as much logic as they are being interpreted as the "defeat of the Federal Reserve Board." And the practice of pruning down holdings of speculative stocks in order to build up a cash reserve for investment opportunities that are bound to reappear later is wise measure of protection for the conservative investor under present conditions.

For the investor whose horizon is not limited to the stock exchange itself, comes a piece of good sound advice from Secretary Mellon, one of the ablest students of financial trends in the country who has strictly abstained from the practice of giving direct advice to investors since he became the Treasury head, now comes out with the definite statement "buy bonds."

# The Coming Battle of the Chains

*New Problems Arise in Competition Among the Chains and with Cooperative Retailer Associations*

By H. J. Knapp

As we reckon the flight of time in this speedy age, chain stores are very, very old, but today they are confronted by many new problems, for such are the effects of the laws of change.

Without doubt the oldest chain in America, and one still actively in business, was established by the Hudson's Bay Company almost two hundred years ago when its system of hundreds of fur trading posts and little banks helped mightily to open up to commerce and civilization the richest continent on the earth. In Japan and in some European countries businesses conducted by branch methods are older still. The oldest as well as the largest chain in the group under our present consideration, the Great Atlantic and Pacific Tea Company, is some seventy years old while the pioneer five and ten cent-store system had its beginnings in the minds of Woolworth and his associates before their first store was opened in 1879.

## *The Mainspring of Growth*

The power that has made the chain stores grow so rapidly is expressed is what has come to be regarded as a fundamental principle of good merchandising—that it is more desirable to make ten sales to ten different customers, each at a small profit, than to make one sale at a single profit as great as the other ten combined. In other words, this is the application of the principle of rapid turnover on a small margin making huge aggregate profits through great volume of business.

This is the idea of mass distribution, which followed closely on the heels of mass production, the application of the same sort of genius in selling which created the plants of Ford and General Motors for large scale manufacture. Just as in production in order to secure volume business in selling costs must be cut down and efficiency methods devised and followed so that competition may be met and overcome and the lion's share of the available business secured.

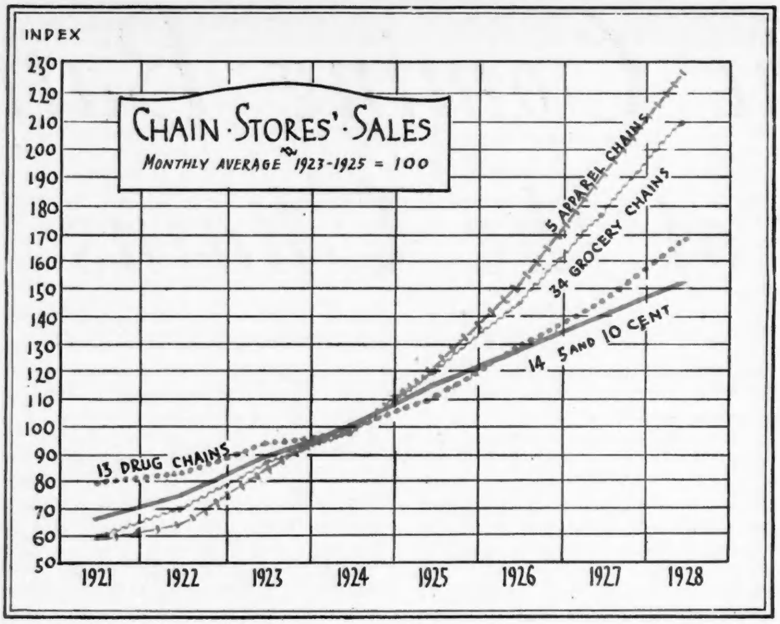
## *Cardinal Points of Chain Merchandising*

Volume buying was one of the first and most effective weapons used by the chains in their struggles for supremacy. This was a double-edged sword. The greater the number of retail outlets the larger the orders which could be placed; the larger the orders the lower could be the selling prices and the faster grew the chains. Soon the entire output of some factories was controlled and at such favorable rates that competition from independents in many articles, so far as price was concerned, was definitely overcome.

Overhead expenses were further cut by "cash and carry" selling methods, eliminating costly delivery services, credit departments, bookkeeping forces and losses due to bad debts. These economies permitted further reductions in selling prices to the increased disadvantage of independent competitors and to the greater gain of bargain hunting customers.

Costs of administrative functions, though exercised by the most capable and most highly paid executives to be had, are split among many

stores and largely reduced for each unit, expert buying staffs comb the markets of the world for the newest and most attractive merchandise at the lowest possible prices, but such services cost each retail store of the big chain only a trifle. Automatic vending machines introduced in many stores have reduced selling costs of certain standardized articles practically to nothing. The minimum of selling space is rented relative to stocks carried and the fewest possible clerks are employed relative to the volume of business handled, thereby bringing efficiency of operations still nearer to the 100% ideal.




The financial strength of the chains has been based on the policy of expansion "from the inside," by using the accumulated profits from the established units to finance new stores instead of resorting to borrowed capital. Link by link the chains have developed from their own profits. Loyalty and singleness of purpose on the part of employees has often been secured by giving them a substantial share in ownership and profits through sales of stock to workers on liberal terms while a generous part of the profits of each store customarily goes to its managers at the end of the year.

In the last analysis the economic justification for the whole chain store system rests upon its demonstrated ability to lower costs of distribution, to get goods from the producer to the consumer with the smallest surcharge over costs of production. Distributors of goods in any line do not create wealth and, for the best interests of all concerned, their functions should be carried out with the least possible waste and at the lowest possible cost.

## *Protests of Independents*

The chain store as an institution is not perfect by any means, but it surely is here to stay. Improvements in policies and methods are constantly being made and some objections are being overcome. Of course the loudest protests have been voiced by the independent merchants whose businesses are most seriously and most directly affected by the ruthless competition just described. These small independents occupy much the same position relative to the chains that the small handicraft producer once occupied relative to the factory during the days of the rise of mass production. It is properly a case of the survival of the fittest in each particular instance. The independent must meet the chain and demonstrate his right to survive on the basis of services rendered and comparative costs rather than upon sentiment.

In many lines of business, particularly in the thickly settled northeastern section of the country, the chains have come to occupy a predominant position. Main Street in many fine old New England towns has become little more than a long row of brightly painted store fronts typical of the large chain systems. In some places the independent retailer seems to be vanishing before the chains as did the Indian before the white man. But he will not vanish, he has a place, and it is an important one, as will be pointed out a little later.

Probably the chain stores all together did about 15% of the national retail business in 1928. There are now about 10,000 different chain organizations, large and small, having over 100,000 retail outlets. In some sections of the northeast, half or more of the grocery business is in the hands of the chains. In some of the large cities in the same section chain drug stores, shoe stores, candy shops, restaurants, cigar stores and other chains have a firm grip on the major part of the business in their special lines. Farther west and south the relative importance of the chains is not yet so great although rapid progress is being made.

## *Present Day Competition*

Chain stores today have several types of competition to face, and it appears that there will be still other types tomorrow. Competition from the independents might appear to be a thing of the past where the chains have already won a dominant position but this is not always true. The weaker and less efficient of the independents have been crowded out where the chains in competing lines have made the greatest advances but the more alert and progressive of the independents are now banding together for purposes of cooperation in buying, warehousing, credit organization, delivery service and other functions, thereby meeting the chains in some measure at least with their own chosen weapons. By adopting chain store methods so far as they can be used to advantage many groups of independents have taken a new lease of life and the chains can by no means count them out as powerful competitors.

Department stores are rapidly adopting chain store methods and chain store organization. Bargain basements now look like the familiar tables in the five and ten and carry many of the same lines of goods at the same prices. In the same department stores the drug counters are meeting the drug chains on their own ground. Other examples could be cited. Chains of department stores under a single control or grouped together for buying purposes are applying to good advantage the lessons learned from their experience in fighting the chains.

The two largest mail order houses, finding their sales cut down by chain store competition, have organized systems of retail outlets of their own. Each had about 250 of these retail stores in operation at the end of last year and more are being opened nearly every day. With their enormous resources and aggressive methods the chains must recognize these organizations as powerful and effective rivals.

Where chains of any single type have gained a large measure of control in their particular line of business the fight among themselves begins. For example, when 50 or 60% of the grocery business in any city is in the hands of the chain stores it is clear that the different systems are fighting each other for business as keenly as they are fighting the independents. All the chains have practically identical weapons at their command, the same advantages and the same disadvantages, so that the effects of price wars

*(Please turn to page 962)*

# Representative Chain Store Stocks Compared

Stocks of all prosperous chain store organizations sell regularly at high prices relative to current earnings and dividends. While practically all of the companies listed below have favorable long term possibilities, we have indicated by stars those issues which in our opinion are now most attractive, based on the near-term prospects of the various companies.

## *Groceries and Bakeries*

| | Sales (Millions) 1927 | Sales (Millions) 1928 | Net Income (Millions) 1927 | Net Income (Millions) 1928 | % Net to Sales 1928 | Earned per Share 1927 | Earned per Share 1928 | Dividend Rate | Recent Price |
|---|---|---|---|---|---|---|---|---|---|
| First National Stores (a) | $60.0(e) | $64.4 | $1.5 | $1.6 | 2.41 | $1.92 | $2.02 | $1.50 | 68 |
| Great Atlantic and Pacific Tea Co. (b) | 500.0(e) | 700.0(e) | 13.9 | 18.4 | 2.63(e) | 6.19 | 8.23 | 4.00 | 340 |
| Jewel Tea Co., Inc. | 14.5 | 15.9 | 1.3 | 1.5 | 9.04 | 8.89 | 11.11 | 5.00* | 145 |
| ★Kroger Grocery and Baking Co. | 161.3 | 207.4 | 4.4 | 5.3 | 2.57 | 4.12 | 3.46† | 1.00** | 101 |
| National Tea Co. | 58.8 | 85.9 | 2.1 | 2.8 | 3.29 | 2.77 | 3.89†† | 1.50 | 82 |
| ★Safeway Stores, Inc. | 76.5 | 104.6 | 2.8 | NR | NR | 3.97 | NR | 3.00 | 161 |

## *Five & Ten Cent Stores*

| | Sales (Millions) 1927 | Sales (Millions) 1928 | Net Income (Millions) 1927 | Net Income (Millions) 1928 | % Net to Sales 1928 | Earned per Share 1927 | Earned per Share 1928 | Dividend Rate | Recent Price |
|---|---|---|---|---|---|---|---|---|---|
| ★Grand (F.&W.) Stores | 12.9 | 17.2 | 0.9 | 1.2 | 6.85 | 3.00 | 3.87 | 1.00 | 86 |
| ★Kresge (S.S.) Co. | 133.8 | 147.5 | 13.9 | 15.6 | 10.58 | 3.76 | 4.21 | 1.60 | 52 |
| Kress (S.H.) Co. | 58.1 | 65.1 | 5.1 | 5.6 | 8.64 | 5.26 | 5.76 | 1.00 | 105 |
| McCrory Stores Corp | 39.3 | 41.1 | 2.6 | 2.4 | 5.87 | 5.26 | 4.61 | 2.00 | 108 |
| Woolworth, (F.W.) Co. | 272.8 | 287.3 | 35.3 | 35.4 | 12.32 | 9.06 | 9.07 | 6.00 | 196 |

## *Drug-Cigar-Candy-Restaurant*

| | Sales (Millions) 1927 | Sales (Millions) 1928 | Net Income (Millions) 1927 | Net Income (Millions) 1928 | % Net to Sales 1928 | Earned per Share 1927 | Earned per Share 1928 | Dividend Rate | Recent Price |
|---|---|---|---|---|---|---|---|---|---|
| Childs Company | 31.0 | 28.6 | 1.5 | 1.0 | 3.51 | 3.18 | 1.80 | 2.40 | 56 |
| ★Drug, Inc. | NR | NR | NR | 12.0 | NR | NR | 5.50 | 4.00 | 116 |
| Peoples Drug Stores, Inc. | NR | NR | 0.59 | 0.74 | NR | 3.48 | 4.74 | 1.00 | 80 |
| Schulte Retail Stores Corp. | NR | NR | 6.2 | NR | NR | 4.90 | NR | 3.50*** | 33 |
| ★Shattuck (F.G.) Co. | 15.5 | 17.0(e) | 1.8 | 2.3(e) | NR | 5.29 | 6.00(e) | 2.00 | 129 |
| United Cigar Stores Co. | 84.7 | NR | 7.5 | NR | NR | 1.37 | NR | 1.00 | 24 |

## *Department Stores*

| | Sales (Millions) 1927 | Sales (Millions) 1928 | Net Income (Millions) 1927 | Net Income (Millions) 1928 | % Net to Sales 1928 | Earned per Share 1927 | Earned per Share 1928 | Dividend Rate | Recent Price |
|---|---|---|---|---|---|---|---|---|---|
| Grant (W.T) Co.(c) | 43.7 | 55.0(e) | 2.3 | 2.9(e) | 5.32(e) | 4.32 | 5.40(e) | 1.00 | 125 |
| ★Interstate Dept. Stores | 17.9 | 21.5 | 0.97 | 1.2 | 5.73 | 3.72 | 4.82 | 2.00 | 79 |
| Penney (J.C.) Co. | 151.9 | 176.7 | 8.9 | NR | NR | 11.78 | NR | 7.00 | 370 |

(e) Estimated. (a) Years ended March 31. (b) Years ended February 28. (c) Years ended January 31, 1928 and 1929. * Partly extra. ** Plus 5% in stock. *** Plus 2% in stock. † Reduction due to increased stock. †† Reduced to basis of present capitalization. NR—Not reported.

# Is Ford Successful Abroad?

## *A Graphic Analysis of Ford's Invasion of European Motor Car Trade and the Measure of His Success*

By James B. Orpington

"FORD renews drive for European sales." "German Ford shares only for Germans." "Ford plans development of factories in Britain." "Dutch Ford plans capital increase." "Belgian Ford to sell stock."

Dozens of similar newspaper headlines about Ford's activities not only put him in the world spotlight, but bring the query: "Is Ford really successful in his European invasion?"

"Ford is the most aggressive motor maker in the world,"—thus Detroit, London and Paris characterize him.

This description results, however, from Ford's discarding such of his former aversions as: bankers, shareholders, paid advertising, installment selling, general dealers and shop councils. Why?

*A New Technique*

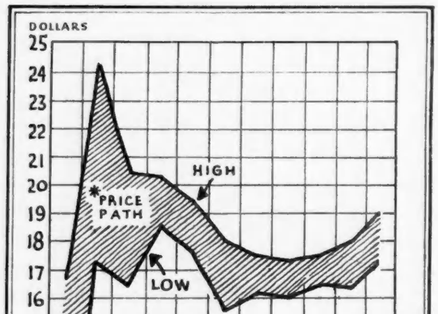
Motor makers are expanding as world prosperity spreads. American and native motor manufacturers are battling for business, and Ford, who proved he is adaptable by the creation of Model A, is changing his technique because "flux is the law of business."

Offering of 2,800,000 ordinary shares of £1 par value of Ford Motor Company, Limited, December 12, 1928, was merely to obtain good-will for the Ford products abroad and offset the slogan "Buy British Goods Only." The fact that great quantities of the shares rapidly found their way into the American market where the price ran up from $8.50 to over $20 in two weeks was probably an unforeseen development. Indeed the displeasure which this occasioned Ford is more or less confirmed by subsequent efforts to insure that stock issued by Ford Motor Co. of Germany be substantially held by residents of that country.

The issue's oversubscription of the offerings of the English company by 20 times proved his assumption that the offering would enhance the popularity of his enterprise, and is further attested by sales of 50,000 Model A vehicles to European buyers in the last three months.

Ford for a time quit paid advertising on the theory that free publicity made sales, but General Motors proved this idea was unsound, so the Model A was advertised, both here and abroad on a scale so gigantic as never before attempted.

"Cash only" used to be another Ford motto. Dealers financed the public's installment purchases. General Motors Finance Corporation and similar companies, however, caused Ford to create Universal Credit Company.




Cash buyers, however, now often get quickest deliveries of their cars.

Beginning this year motor and accessory dealers in Europe no longer have to handle Ford products exclusively. Nor will they be told they *have* to sell a certain allotment of cars. The result is that hundreds of dealers in Europe daily are seeking to be registered as accredited Ford representatives.

*Dealer Organization*

These agents have been divided into four groups: the main dealer and distributor, the retail dealer, the retail sub-dealer and the limited dealer. The Ford Motor Company (England), Ltd., will, by this new arrangement, provide a livelihood for at least 25,000 British workers and find maintenance for about 100,000 people. Similar plans may be adopted in other European countries.

Ford always has paid the highest wage scale in the automobile industry. The eight-hour five-day week continues. There is less objection to the establishment of shop councils, customary in many countries. "Peace, Prohibition and Prosperity" and "welfare" work are less emphasized. The result is Ford's labor abroad is contented.

"Native labor and materials only" is Ford's reply to such slogans as "Buy British Goods Only" or "Buy German Goods Only." Ford enters a country through the establishment of selling agencies. Assembly plants follow. Factories now are replacing assembly plants to avoid automobile and motor parts tariffs and create good-will engendered by Ford wage scale. All of the initial activities are veiled with mystery to stir public curiosity and, thereby, attain maximum free publicity.

Ford's mass-production methods—imitated by Morris in England, Citroen in France and Opel in Germany—are providing work for thousands. England, Ireland, Brazil and other nations hail Ford as the industrial saviour of their countries, because his projects also are stirring native industrialists to gigantic undertakings.

Present plans of Ford in Europe as outlined by Chairman Perry, of the English company, provide for establishment of headquarters, sites for plants and allotment of territories; co-operation with native firms; subdivisions of dealers; and establishment of a finance company; the sales outlook also is rather generally discussed.

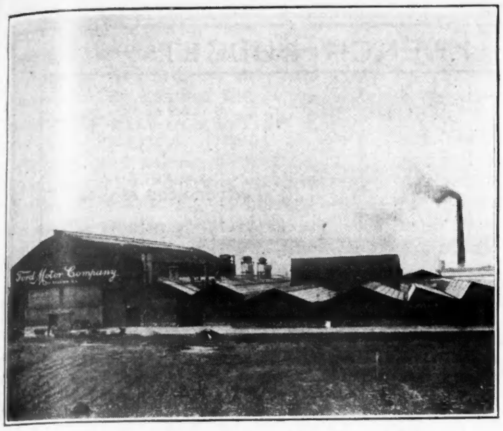
*Largest Factory Outside United States*

The manufacturing plant of Ford Motor Company, Ltd., from which all European assembly plants will receive needed parts and body work, will be at Dagenham, which is 12 miles outside of London on the north bank of the River Thames. This plant, which is expected to be ready in 1930, will cost $25,000,000. It will have a capacity of 200,000 cars a year. Dagenham will be the largest automobile factory outside of the United States.

The Dagenham plant after 1930 will supply Manchester, Cork, Paris, Berlin, Antwerp, Barcelona, Copenhagen, Triestes, Stockholm, Helsingfors, Rotterdam and Constantinople with all parts needed for assembly.

These assembly plants, most of them already established, will serve the following territories:

*Paris*—France, French possessions in Northern Africa and Morocco.




*Rear View Ford Motor Plant at Antwerp,*
***Belgium***

*Antwerp*—Belgium, Luxembourg.
*Berlin*—Germany, Austria and Switzerland.
*Stockholm*—Sweden.
*Barcelona*—Spain and Portugal.
*Helsingfors*—Finland.
*Copenhagen*—Denmark, Norway, Poland, Roumania, Estonia and Latvia.
*Rotterdam*—Holland.
*Trieste*—Italy, Bulgaria, Hungary, Albania, Czecho-Slovakia and Jugo-Slavia.
*Constantinople* — Turkey, Greece, Palestine, Syria, Arabia, Iraq, Persia, Afghanistan, Egypt and certain other parts of Eastern Africa.

Managers of these various plants must necessarily be versed in the languages of all the territories covered by the individual plant. Thus the Trieste plant manager will have to know fourteen languages, eleven of which are so different they will require publicity printed in eleven languages.

Ford will not fight native firms when they show it will be to his advantage for the individual Ford plant or users to have certain items supplied by them. This will apply to tires in France, Germany, Belgium and Italy.

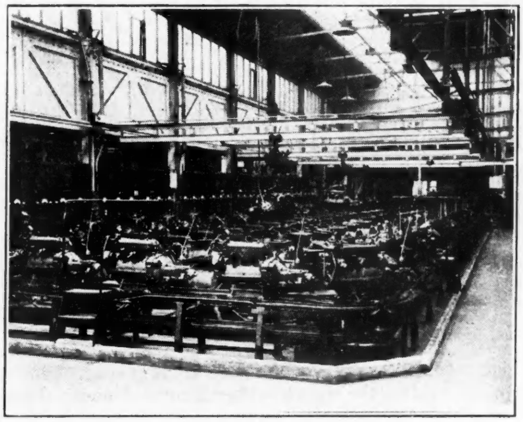
Of the four groups of dealers—all except the limited dealers—three will contract to take a given number of vehicles a year on which will be earned an immediate discount and supplemental rebates made on a sliding scale. Price-cutting will bring severe fines.

Ford Credit Company, Ltd., a British subsidiary, located at Manchester, will finance time sales. Down payments will be at least 25%, with payment of the balance, plus charges, in monthly installments within twelve months, the buyer contracting for insurance at his own risk or expense.

*Competition of American Manufacturers*

What are Ford's sales prospects? It is difficult to generalize on such a broad question. He expects to meet keen competition in France, Italy and Germany, not only from natives but from such American makers as General Motors, Chrysler and Graham-Paige. In France Ford will meet a tariff amounting to 49.7% ad valorem. On the other hand, there are other countries which are so undeveloped motor-wise that they offer vast possibilities with much less competition. In the Near and Middle East good roads are needed, but these follow —not precede—fleets of motor cars.

Taking the situation from its broadest angle, success of Ford abroad will depend somewhat on his ability to overcome tariffs, stave off attacks of automobile cartels, meet competition of American motor manufacturers, re-



*Engine test Department Ford Motor Co. at Manchester, England*

build sales organizations and capitalize foreign prejudices. Germans for example, hail our mass-production methods and want to be known as "The Yanks of Europe," while France leans much in the other direction. Any estimate of Ford's chances also must consider the rise of his counterparts in Germany, France and England.

Adam Opel, Ruedesheim, Germany, world's largest maker of bicycles, was the first German motor maker to attempt mass-production. Opel produced about half of the 70,000 and 85,000 units turned out in Germany in 1927 and 1928 respectively. Opel, like Ford, was a family concern until recently when it incorporated, with a capital of 60,000,000 reichmarks.

Now comes the news that it has sold a thirty million dollar interest to General Motors Corporation, which gives the latter company a strong foothold as an actual manufacturer in Germany rather than merely an American exporter. The long rivalry between Ford and General Motors will enter a new phase on the Continent. Chevrolet will vigorously contest the rise of Model "A" on German soil and elsewhere in Europe.

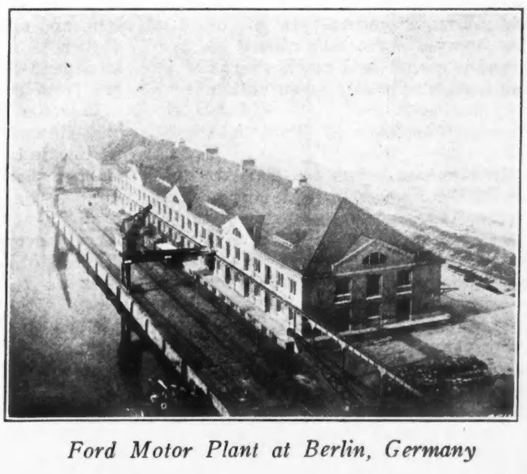
Twenty-five per cent of all automobile sales in Germany in 1928 were American cars and many native machines were made largely from American parts. German cars now cost one-third of 1924 prices as a result of American competition. Ford like other American makers has one outstanding advantage over German manufacturers in that he does not have to borrow money at high interest rates.

Moreover, Ford will meet stiff competition in France, the land of Andre Citroen. This company was a family cycle concern and did not incorporate until 1924. Production of Citroen follows: 1924, 54,685 units, 1925, 59,235; 1926, 58,-315; 1927, 73,802; 1928, 92,000 —minimum planned production in 1929, 80,000 units.

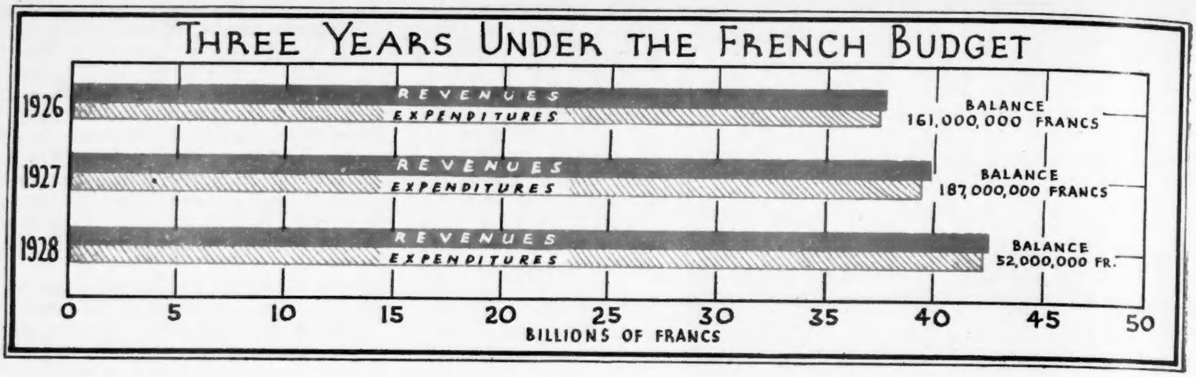
Ford of France sold as high as 18,000 cars back in 1925. The Paris plant can easily essemble 15,000 cars a year. French motor makers this year plan production of 250,000 cars and trucks against 190,000 in 1928.

W. R. Morris, considered Ford's English counterpart, produced 357 cars in 1920 or the year after Ford began manufacturing there. Morris turned out 60,000 cars in 1927. Sixty-two motor makers in 1926 produced 158,000 cars. Five years before most cars came from abroad but last year 86% were said to be of domestic manufacture. What Ford means to Britain may be gained from the trade comment that the Dagenham plant with its 200,000 annual car capacity will

(*Please turn to page* 980)



*Ford Motor Plant at Berlin, Germany*




# France Struggles With Economy Complex

*With Reparations Currently More Than Covering Foreign Debt Payments, France Has Stabilized Her Currency, Balanced Her Budget and Again Takes Her Place as a Creditor Nation. New Concept of Larger Return from Larger Capital Expenditures Suggests New Era of Industrial Expansion*

By W. H. Glenn

FOR generations it has been the fashion of leaders of public opinion in France to herald thrift as the particular virtue of their people. In no country in the world can one so often hear it said of an individual, "Il n'aime pas dépenser de l'argent." (He doesn't like to spend money.) The condition is no less true of the man of wealth than of the peasant. It implies no reprehensible parsimony of nature but merely means that a talent for economy transmitted from father to son through generations of practice has become a fixation almost as profoundly rooted in French character as the instinct for self preservation.

### The Basis of Strength

In the days before the war, the ability of the French to hold fast to their purse strings contributed much to the nation's economic strength. The worker could live and save on a small wage, production aimed at a modest but sure profit, business doctrine throughout the land preached economy of outlay and certainty of results. Being essentially a saver, and not an investor, the Frenchman avoided the pitfalls of speculation and risk, and without striving for wealth on an unusually large scale, assured himself that smug condition of economic security which his nature craved.

After the war, however, France found herself burdened with a mountain of foreign debts which could not be levelled by ordinary methods and a problem of economic reconstruction which could not be solved by merely sitting on one's purse. Under American influence there had also taken place a transformation in business technique. It was not so much the ability to save as the ability to spend that counted toward success in the world of competition, and upon the power of French industry to adopt this principle seemed to depend the speed of national recovery from post war conditions.

It was evident to leaders of industry and finance that the old prejudices would die hard. The French had overlearned the lesson of economy and saving. It rendered them timorous toward projects of expansion which required large movements of capital and so resistent to any increase in fiscal burdens as to create in the first eight years after the war, the anomalous picture in France of a people, comfortable and well to do, ruled by a government that was desperately short of funds. The people had money but the state was a pauper.

This passion for conservation produced the crisis of 1926 when the holders of 44 billion francs' worth of national defense bonds, losing confidence in the franc, refused to renew the bonds at maturity and completely exhausted the resources of the treasury by their demands for redemption. In addition thereto, the ministry of the left wing *cartel* under Herriot, in pandering to the popular prejudice against tax increase, had gone through the "ceiling" of the Bank of France. That is to say, to sustain itself, without increasing the cost to the people, the government had drawn up to the limit of the 38½ billion francs which the Bank of France could advance. With the franc already at 50 to the dollar, the state was faced with the necessity of proceeding to a new inflation or suspending payments.

### Sound Policies of Poincare

Under these conditions the Herriot regime collapsed, and on July 24, 1926, Poincare was recalled to power. He formed the National Union Ministry on the basis of collaboration with the *cartel*. By actual experience, the *cartel* had learned that an increase in taxes was necessary and it preferred to let the political onus of the tax increase fall on Poincare. "Let him put the state on its feet financially by

whatever means he can, and then we'll take the government from him." So reasoned the radicals of the *cartel.*

Poincare has been at the helm ever since. He has handled the penny-tight economy complex of the people craftily and constructively, defying it when necessary and taking advantage of it when it really contributed something to the solution of his problem. Without an increase in revenues, he argued, there could be no equilibrium of the budget and without budgetary equilibrium, there could be no stability in currency. He made the people loosen up. He called for an additional two billion francs for 1926 and an increase of nine billions for 1927.

In addition to increasing the tax rates he procured to the government the power to increase the selling price of government monopolies and revise customs duties. He had a law passed erecting a special bureau for the amortization of the floating debt and another law granting authority to the Bank of France to purchase gold, silver and currencies through the issue of notes which were not to come under the amount in circulation prescribed by law and were to be withdrawn from circulation as soon as the values which they represented were sold.

*Bettering the Treasury Position*

This latter measure played an enormous role in financial recovery. The readiness of the Bank of France to buy gold and silver at a decent rate brought heretofore hidden hoards of coin into the treasury. The business man pushed his hand into the back of his safe and the peasant shook out his stocking. Within a year, the bank had added more than two billion francs to its metallic reserve. By the purchase of foreign exchange on the open market, the bank further improved the position of the franc. In December, 1926, the franc was quoted at 25:32 to the dollar as against 49:22 in July of the same year. Foreign speculation, now buying rather than selling francs, was causing a currency appreciation that was far too rapid for the health of the country and the government, aware of the danger of industrial and economic dislocation, arranged with the Bank of France the temporary or de facto stabilization which fixed the franc at 25 to the dollar and kept it at that level all through 1927.

The upward rise was held in check by the agreement of the Bank of France to absorb all foreign exchange offered in excess of demand. In January, 1928, however, the pressure on the Bank of France became excessive. The exchange purchased by the bank was far beyond the amount required to meet French obligations abroad and inasmuch as the exchange could be used only in the country in which it had originated, a condition developed whereby the foreign countries found themselves in possession not only of the francs which they had purchased but also of the funds with which they had made the purchase. The removal of the government restriction on the export of capital from France failed to accomplish any definite relief, and with foreign speculation juggling the franc in anticipation of further revalorization, the Bank of France saw itself facing the moment when it could not continue to hold the franc at the de facto level without resorting to inflation.

*Return to the Gold Basis*

To avoid the crisis, which would follow the appreciation of the franc, should the Bank of France withdraw its protection, Poincare proceeded to stabilize the franc on the gold basis. The stabilization law was passed on June 25, 1928, and fixed the gold parity of the franc in terms of the dollar at 3.92 cents or 25:52 francs to the dollar, the new rate adhering closely to the exchange value of the franc before stabilization.

The revaluation of the holdings of the Bank of France following legal stabilization of June 25, 1928, showed the bank to be in the position given in the accompanying table.

The law required a coverage of 35%, but the gold reserves after stabilization were sufficient to cover more than 40% of the combined note circulation and deposits. Moreover if to the gold reserves were added the bank holdings of silver and foreign exchange, the bank was in a position to cover its circulation up to 95% and its total sight obligations up to 80%. From an extremely wabbly condition of 1926, the Bank of France, in short, had advanced to a position exceptionally strong.

*Government Deficit Made Up*

In the wake of the bank, followed the state. By an immediate increase in taxes Poincare overcame the deficit of a billion and a quarter francs with which the budget had closed in 1925. Under the French system, the budget is not officially closed until several years after the end of the period which it covers, so that final figures for 1926-28 are not yet available. As voted upon by parliament, however, the general budget, in the last three years, provided for expenditures and revenues in amounts shown in the graph at the head of this article.

In the absence of any official statement of the position of the French treasury, the evidence that the budget has been safely balanced reveals itself in the fact that there has been a slight decrease in the public debt during that period. The contrary would have been true, had the government failed to cover its expenses. Under Poincare's regime, there has also developed a healthy relation between receipts from reparations and payments on foreign debts.

In 1929, according to the premier's last statement on the subject, France will receive £31,000,000 from reparations and will pay £22,000,000 on its foreign debts. Reparations therefore are not only covering foreign payments but they are providing a surplus to meet war claims and state obligations in other directions.

According to present estimates indemnities due for war damages will reach 85,500,000,000 francs. Of this amount nearly 78 billion francs have (*Please turn to page* 982)

## Position of the Bank of France

| | Francs |
|---|---|
| **Assets:** | |
| Gold reserves (coins and ingots) | 28,934,885,268 |
| Current postal accounts | 699,822,920 |
| Sight deposits abroad | 15,984,600,741 |
| Foreign currencies sold under a repurchase agreement | 9,777,767,643 |
| Advances on gold ingots and gold coins | 37,258,500 |
| Commercial paper discounted | 2,972,422,301 |
| Negotiable paper bought abroad | 10,544,906,332 |
| Advances on securities | 1,846,774,369 |
| Negotiable notes of the Amortization Office | 5,930,000,000 |
| Loans to State, without interest | 3,200,000,000 |
| Silver pieces demonetized and to be melted down | 784,824,534 |
| **Liabilities:** | |
| Capital of the bank | 182,500,000 |
| Undivided profits (benefices en addition au capital) | 272,696,110 |
| Bearer notes in circulation | 58,772,461,105 |
| Account current of the Public Treasury | 5,078,688,970 |
| Account current of the Amortization Office | 1,934,117,189 |
| Accounts current and accounts of funds deposited | 5,471,052,901 |
| Other sight obligations | 273,389,659 |
| Obligations arising from sales of foreign currencies under a repurchase agreement | 9,777,767,643 |

# More Bonds for the Bonfire

*Stockholders of Steel and Anaconda to Become Sole Corporate Owners—Investors Demand Ownership Equities and Profits Rather Than Fixed Return With Greater Safety—New Trend in Financing Has Many Far-Reaching Effects*

By Morgan Robinson

IMPORTANT new chapters in the general movement toward retirement of funded debt and the simplification of financial structures through sales of common stocks have just been written in announcements made by two of our industrial giants, United States Steel Corporation and Anaconda Copper Mining Company.

More and more, during recent years have investors sought to place their funds in common stocks rather than in bonds and preferred stocks offering limited and fixed returns, though with a greater element of safety. This policy has at once been a cause and a result of the long sustained rise in common stock price levels—a cause in that the investment demand for common stocks increased faster than the available supply forcing price levels upward, and a result in that steadily rising prices attracted buyers through the lure of quick and substantial profits.

### *Ascendency of the Common Stock*

A long period of easy money accompanied by industrial prosperity and increasing corporate earnings provided a perfect background, speculative enthusiasm and a surplus of funds available for investment did the rest. Stock prices have risen to unprecedented levels, the period of easy money has now come to an end—for the time being at least—banking authorities are frowning on the so-called speculative excesses, but the public appetite for stocks appears to be as keen as ever.

Those in control of the financial policies of our great corporations have not been slow to sense the situation and to profit by conditions, suiting their offerings to the public taste. From 1923 to 1928, the period of easy money, there occurred the retirement of a great volume of high coupon bonds, chiefly through refunding operations as new issues bearing lower rates of interest were substituted for the older ones many of which had been floated during the period of firm money and business depression following the collapse of the post-war boom. More recently the trend swung sharply toward the substitution of common stocks for bonds in the capital picture, giving corporations the opportunity to strengthen their positions by reducing fixed charges and funded debts at the same time supplying to investors the common stock equities they had come to appreciate and demand.

Perhaps as conditions change the pendulum will again swing in the opposite direction and bonds will regain some of their former popularity, but for the long run the investment trend toward common stocks appears likely to persist and to become permanent.

### *Stronger Corporate Position*

In some degree a similar movement has resulted in the conversion or retirement of preferred stocks and their replacement by common. At all events, when depressions come, corporations which have retired their bonds will not have to fear foreclosures. Receiverships and reorganizations should be few and far between even though a reaction from our present prosperity should be severe and long continued (happily no signs of such a calamity are now visible) among corporations which have taken advantage of present opportunities to fortify their positions in the manner indicated. Full ownership of many of our greatest enterprises, rather than mere equities subordinate to heavy claims of bondholders, is coming into the hands of the owners of the common stocks.

But if this trend gives greater safety and stability to the corporation in times when earnings are low it also gives the stockholder great advantages. When earning power is great he profits by high dividends and secures handsome prices for any part of his holdings he may wish to sell, but when earnings fall off his company is in position to weather the storm without falling into the hands of creditors and while dividends may not be forthcoming for a time ownership remains and he can more easily retain his interest intact while waiting for better days.

### *Stabilizes Prices*

Greater price stability resulting from an increased floating supply of stock and a consequent lessened susceptibility to market manipulation may likewise be expected to follow. Where the entire capitalization of a giant corporation is represented by its common stock and the number of shares outstanding reaches many millions a large portion of which is split up among thousands of small investors market prices become relatively steady and tend to follow intrinsic values rather than the activities of pool operators. Small issues, easily controlled, have always been favored as pool vehicles. Market corners are rendered very difficult when the capitalization is large, price fluctuations become less spectacular and a broader distribution gives the issue a stronger appeal to the real investor as distinguished from the day to day trader.

The small stockholder has become, in a truer sense, a partner in the business. In his limited way he is able to follow the footsteps of the financial leaders who have often amassed great fortunes by holding through thick and thin equities in selected companies.

### Plans of United States Steel

The first move toward recasting the capital structure of the United States Steel Corporation, a move long foretold and eagerly awaited, was taken on February 26th, last, when the directors voted to submit for the approval of stockholders a proposal to increase the authorized common stock of the corporation from $753,321,000 to $1,250,000,000. New common stock will be offered for subscription to present stockholders at a ratio, price and terms to be fixed when the offer is made. The proceeds, with cash in the treasury, will be used for the redemption of all or part of the corporation's bonds, the total amount of the two issues now outstanding being $271,385,000. The annual interest and sinking fund saving to be effected by the complete retirement of these bonds would amount to $29,247,350, a sum exceeding the dividends at the present rate on the new common to be offered.

Of course there has been much speculation regarding the basis which may ultimately be decided upon for the issue of the new stock, predictions ranging from one new share for four old, one for five and one for six. The general opinion is that the new stock will be offered at $150 per share, unless in the meantime there should be a severe decline in the market price of the present shares.

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### Possible Ratios

There are now outstanding 7,116,235 shares. On the basis of one for four the new issue would amount to 1,779,059 shares selling for $266,858,850 at $150 per share. One new share for five now outstanding would mean 1,423,247 additional shares which, at $150, would mean $213,487,050. On a ratio of one new share for six now held the new issue would be 1,186,039, bringing, at the same price, $177,905,850 new money into the treasury of the corporation.

To retire the $134,830,000 50-year 5% bonds outstanding as of December 31, 1928, at 115, would absorb $155,054,500 and the $136,555,000 10-60-year 5s, which are redeemable at 110, would require $150,210,500, a total of $305,265,000. Probably some bonds of these two issues have been purchased by the corporation since the end of last year so the amount actually outstanding when the call is made is likely to be somewhat below the amount mentioned.

The proceeds received from the stock offerings as outlined above would not in any case be sufficient to retire all the bonds, but some part of the funds in the treasury could readily be applied for this purpose without weakening working capital position. The two bond issues described represent the total funded debt of the corporation itself but at the end of 1927, the latest detailed report yet available, there were also $146,339,529 bonds of subsidiaries and a total of $24,907,858 mining royalty notes outstanding.

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### Simplified Financial Set Up

If the offering of new stock is in line with predictions there will remain in the treasury authorized stock unissued of from 3,600,000 to 4,200,000 shares some of which could be sold later and the proceeds used for the liquidation of these minor obligations still further increasing the equities back of the preferred and common stocks. It is evident that not only simplification of financial structure, however desirable for its own sake, but also the improvement of the investment status of the common stock was the motive back of the recapitalization plan.

The above is but the most recent and most widely advertised step along a path followed consistently for twenty-eight years since the Steel Corporation was first organized. Up to the end of 1927 something like 40% of the original funded debt had quietly been retired and probably an additional 20% since that date. This was accomplished mainly through deductions from income while huge sums ploughed back into the business, derived from excess earnings not distributed, have increased the book value of the common stock from a nominal sum to a present conservative figure of $285 per share, also permitting the distribution of a 40% stock dividend in 1927.

Although dividends to be paid on the new stock to be issued will obviously absorb a large part of the saving in interest and sinking fund charges so that the available earnings computed on a per share basis may not be greatly increased the benefits to stockholders will none the less be very real and very substantial. Fixed charges will be eliminated and dividends to owners of the common stock need be paid only when earned and when general conditions warrant such disbursements. However, when conditions are unfavorable and earnings decrease the portion which remains available for the common will be much greater and this added security of position will strongly recommend the reorganization plans from the stockholder's point of view.

#### What New Trend in Corporate Financing Means to Investors

1. It gives full equity ownership to stockholders with first claim on corporate earnings.
2. Makes possible more liberal dividend policies.
3. Strengthens position of the company in times of stress by elimination of fixed charges.
4. Exerts stabilizing effect on security prices through greater floating supply of stock.
5. Improves position of preferred stockholders.

### Anaconda Follows Suit

Quickly following Steel it was announced that Anaconda Copper Mining Company proposes to wipe out its funded debt by selling additional common stock. Directors have suggested an increase in the authorized capital stock from $300,000,000 to $600,000,000 or from 6,000,000 to 12,000,000 shares, par value $50 per share. New stock is to be offered at $55 per share in the ratio of two new shares for every five now held.

Anaconda has outstanding $103,803,000 principal amount of first consolidated mortgage 6% bonds due February 1, 1953, redeemable at 105 and interest. These are the bonds to be retired. There are also

(*Please turn to page* 965)

# MARKET REFLECTIONS


THE stock market went into a virtual stalemate for a time during the early half of the fortnight. The struggle between the bullishly inclined speculative public and professional traders, backed by a very encouraging business prospect, on the one hand, and the banking authorities armed with a potent credit weapon, on the other, reached a temporary deadlock.

* * *

*FOLLOWING the initial victory of the Federal Reserve, the stock market rallied and seemed about to gain the upper hand once more. Subsequently, it appeared that the Reserve forces were successfully pursuing their strategy of wearing down opposition by permitting the bulls to gradually exhaust their strength.*

* * *

AT the close of the fortnight, however, the bull forces were again in the ascendancy, with courage bolstered by a moderate decline in brokers' loans and an unchanged New York Federal Reserve Bank rate.

* * *

THE statement by the Governor of the Federal Reserve Board that speculative borrowing may ultimately result in impairment of business prosperity failed to disturb sentiment. The stock market was more inclined to emphasize that portion of Governor Young's address before the Commercial Club in Cincinnati wherein he implied that the Federal Reserve will advance rediscount rates only as a last resort.

* * *

CANNY traders profess to see in the recent easing of call money rates a merely temporary development. Despite outward appearances of passive action, the banks are evidently forcing gradual liquidation of speculative loans to their customers. At the same time, the action of stocks sponsored by leading speculator would indicate that the credit reservoir is by no means exhausted.

* * *

THE financial community is somewhat concerned lest the Bank of England be driven to defend its gold reserves by a further advance in the British rediscount rate. Ten and twelve per cent call money is a strong magnet, pulling funds from abroad as well as out of such domestic quarters as the bond market.

THE bond market finds it difficult to stand up under the strong competition afforded by the attractive rates available to lenders in the call and time money markets.

* * *

*NEVERTHELESS, bond holders will derive some comfort from, and prospective bond buyers may well heed, the suggestion of so high an authority on finance as Secretary Mellon, that the present is a good time to purchase bonds.*

* * *

*NOTWITHSTANDING the great irregularity of the general price movement, there were strong indications of quiet absorption of stocks favored by improving industrial prospects.*

* * *

*THE leading steels, for example, have shown considerable buoyancy in the expectation that substantial gains will be made in first quarter earnings, based upon the high rate of production and on price levels for steel products which admit of a wider profit margins than those prevailing at this time last year.*

* * *

AMONG the lower priced, more speculative issues in the steel group, Otis Steel has given a good account of itself during reactionary periods in the rest of the market.

* * *

GOOD support has also appeared in the market for U. S. Rubber and Goodyear on recessions. Judging by the drastic write-offs made by the former company against last year's earnings, the decks have been cleared to permit full participation in the expected recovery of rubber and tire business during the current year. The latter, despite similar charge-offs, was able to show more than $7 earned for the common stock. On the basis of the present outlook, net of more than double this figure may not unreasonably be looked for this year with dividends apparently also in the picture.

* * *

ANOTHER division of the market which manifested a tendency to break away from the more sluggish sections is the equipments. Increasing confidence in the equipment stocks springs from the substantial gain in orders placed with manufacturers since the beginning of the year. Freight car orders in February increased approximately 2,000 units over January and were nearly 100% ahead of the same month last year.

* * *

*QUIET strength in General American Tank Car has attracted favorable comment. This company was one of the very few equipments to show a marked expansion in net profits last year, in a period of depressed business, a fact that would seem to augur well for shareholders this year, in view of the brightening outlook for equipment stocks generally.*

* * *

THE Administration's decision to abandon the policy of leasing Government owned oil lands is hailed as a step which will prove of material assistance in solving the problem of over-production. This development, and indications that producers are gradually working toward a plan of conservation, exerted a tonic effect upon the market in oil stocks.

* * *

IT will probably require a most convincing market demonstration to bring the oils again into real speculative favor, however. Traders are inclined to look askance upon rallies, notwithstanding the deflation of this group. Patient investors, on the other hand, apparently are not so reluctant, if the firmness in leading Standard Oils and such issues as Texas Corp. and Mid-Continent Petroleum among the independents, may be taken as an index.

* * *

THE voracious appetite of American investors appears to be disturbing the calm of international, no less than domestic, financial circles. The scurry of our British cousins to prevent foreign participation in an offering of new General Electric, Ltd., stock is reminiscent of the frequent sporadic, though feeble, efforts to stay raids of moneyed Americans upon European art galleries, libraries and the like.

* * *

GRAHAM-PAIGE continues to break former production records. Despite keener competition in the motor industry, the company appears to be pushing successfully into the front rank of passenger car manufacturers.

*American Water Works & Electric Coll. Trust 5s, '34*

# Attractive Short Term Public Utility Bond

## Amply Secured by Collateral and in Excellent Position

FRANCIS C. FULLERTON

WITH the uncertainties inherent in the stock market such as we are having at present, the cautious type of investor probably prefers a relatively short term maturity bond as a medium to invest his funds. This type of bond, provided it is the obligation of a sound company, will fluctuate only within a narrow range owing to its near maturity, so that aside from the income which the holder derives from the bond, he is also assured of a market which enables him to sell at approximately the price he purchased the bond should he find himself in the position where he must do so before the maturity date.

An attractive short term bond giving a liberal yield at its current price is the American Water Works & Electric Company, Inc., Collateral Trust 5s, due April 1, 1934. This bond has recently been selling for 98, at which price it gives a current yield of 5.10% and a yield if held to maturity of about 5.45%.

**American Water Works & Electric Co.**

**Number of Times Interest Charges Earned**

| | Fixed Charges Earned Over All | Holding Co. Only | Gross Operating Earnings |
|---|---|---|---|
| 1928 | 1.43 | 5.77 | $51,044,690 |
| 1927 | 1.34 | 5.00 | 48,727,401 |
| 1926 | 1.33 | 4.77 | 41,055,906 |
| 1925 | 1.31 | 4.97 | 38,355,679 |
| 1924 | 1.27 | 4.87 | 34,880,545 |

### *Amply Secured by Collateral*

The bonds, outstanding in the amount of $12,575,300, are the direct obligation of the company and are secured by deposit and pledge of securities of many of the important operating subsidiaries consisting of bonds, preferred stocks and common stocks with total par value aggregating considerably more than twice the face amount of this issue of 5% collateral trust bonds outstanding toward which they are pledged. Specifically, the securities pledged consist of $1,942,000 bonds, $743,000 par value preferred stocks, $22,758,200 par value common stocks, and 20,000 no par common shares of various important water companies. In addition, there are pledged the following securities of the West Penn Electric Company, the subsidiary of the American Water Works & Electric Company which embraces practically all of the electric properties—$5,231,000 par amount of 7% preferred stock currently quoted at 108 on the New York Stock Exchange, 777,774 shares of the no par common stock, or 74% of the total common stock, 100,000 shares of the Class B stock or over 60% of the total outstanding, and 4,400 shares of the Class A stock out of a total of 59,258 shares outstanding. This amount of pledged stocks of the West Penn Electric Co. is enough by far to lodge voting control here. Finally, there are additional securities of electric and other companies and cash amounting to $3,535,903 pledged under this issue of collateral trust 5% bonds.

American Water Works & Electric Co. is one of the largest utility holding companies in the country and was originally interested chiefly in water supply and land companies, but in recent years has expanded the electric utility branch of its business to such an extent that this now contributes the major part of the earnings. In the year ended December 31, 1928, for instance, approximately 75% of the gross earnings were derived from the subsidiary electric companies, and the remaining 25% from the subsidiary water companies. From the viewpoint of net earnings after operating expenses, maintenance and taxes, the electric properties accounted for approximately 71% and the water properties 29%. This combination of electric and water properties is an advantageous one because the diversification it affords is a factor adding to the stability of earnings.

### *Operates in Growing Territories*

Despite the large proportion of electric gross earnings, the American Water Works & Electric Co. still maintains the position of controlling the largest group of privately owned water works plants in the United States. A total of 39 subsidiary water supply companies are owned, serving about 190 communities and over 404,000 customers. The properties are widely scattered, located in 16 states, but chiefly in the Middle West and in the South. The principal cities served are Birmingham, Ala.; Chattanooga, Tenn.; East St. Louis, Ill.; Huntington, W. Va.; parts of and environs of South Pittsburgh, Pa.; Connellsville, Pa.; St. Joseph, Mo.; Little Rock, Ark.; Terre Haute, Ind.; Wichita, Kan., and two large districts in New Jersey suburban to New York.

The growth of the company's water business has been steady and consistent. In 1928, for instance, 18,486 new customers were added while the amount of water sold increased 10.4% to 49,370,941,000 gallons in 1928 from 44,701,361,000 gallons in 1927. The amount sold in 1926 was 41,394,031,000 gallons. The gross earnings of $12,744,759 from the water properties in 1928 increased practically in direct ratio to the amount of water sold, namely, about 11%, but due to economies effected in the operations which were reflected in an improvement in the operating ratio from 45% in 1927

to 42.3% in 1928, most of this increase was carried down to net income which was $7,343,415, or 16.2% greater than in 1927.

The electric properties form a compact system grouped under the West Penn Electric Co. which controls the Monongahela West Penn Public Service Co., the Potomac Edison Co., West Penn Power Co., West Penn Railways Co., together with several smaller companies. This system does the electric power and light business in an area of approximately 22,700 square miles extending from within 25 miles of Baltimore, Md., across Maryland and West Virginia to the Ohio River, and northward to the important industrial sections of western Pennsylvania and to the north central portion of that state as well. The communities served number over 1,200 with a total population of over 1,700,000. While the city of Pittsburgh and its immediate environs are not included, the operating companies practically circle the city and serve a good part of the steel district.

The kilowatt output in 1928 increased 6.8% over 1927 and the number of customers added was 16,502. Gross earnings from the electric properties in 1928 were $38,174,738, a gain of 2.7% over 1927, but despite the greater amount of business, operating expenses, maintenance and taxes actually decreased $131,252 from those of 1927, with the result that the net earnings for 1928 which were $17,645,570 showed an increase of 7.1%. Thus it is seen that the operating ratio of the electric properties decreased from 55.7% in 1927 to 53.8% in 1928.

*Bonds in Excellent Position*

Considering the consolidated earnings of the company irrespective of source, these have gained steadily over a long period of years, a development attributable both to internal growth and through acquisitions of other properties. In 1921, for instance, total gross revenues were $19,796,313 growing to $51,044,690 in 1928. To finance the expansion of the company, capitalization including bonded indebtedness has also increased, so that while the balance available for fixed charges in 1928 was $20,768,023 comparing with $6,994,514 in 1921, fixed charges, i.e., all interest and amortization charges of both subsidiaries and holding companies, and preferred dividends of subsidiaries, in the 1928 period were $14,558,527 compared with only $5,371,305 in 1921. The true measure of improvement is indicated by the fact that these charges were earned 1.43 times in 1928 compared with only 1.30 times in 1921. This ratio, moreover, is comparatively a high one for a utility holding company, especially in the case of American Water Works & Electric Co., as this company has followed the policy of setting up annually large reserves for depreciation and for renewals, retirements and depletion.

The American Water Works & Electric Co. Collateral Trust 5s, due 1934, of course, are the obligation of the holding company, so that looking at the situation from this viewpoint only, the applicable earnings in 1928 were equivalent to more than 5¾ times the interest charges and amortization of discount of all the bonds outstanding on the parent company, compared with about 5 times in 1927. This large margin of earnings over the fixed charges of the holding company indicates a fairly high degree of safety for the bonds, particularly in view of the two distinct sources of the earnings, water and electricity. The earnings from either source are more than sufficient to cover the interest requirements of the bonds outstanding on the holding company.

The total funded debt of the American Water Works & Electric Co. amounts to $23,575,300. Ahead of these bonds are $148,040,400 funded debt and $77,381,750 preferred stocks of subsidiary companies, a total including a small minority interest of $217,752,159. The equity following the holding company bonds consists of 200,000 shares of $6 Series First Preferred Stock and 1,432,163 shares of no par common stock. The preferred stock is currently selling for 101, while the common is selling for 92, so that the total market equity behind the holding company bonds amounts to over $152,000,000.

Protected by this large market equity and by a large margin of earnings over interest requirements, the Collateral Trust 5s, due 1934, occupy a sound position in the capitalization structure of the system. For a short term investment, therefore, these bonds appear attractive at their current level.

# Bond Buyers' Guide Revised

## Changes in Public's Security Tastes Results in Unusual Bond Opportunities and Enhances the Value of the Guide

EVENTS in the securities market of the past year can hardly be described as cheering to bond holders, except insofar as they may have carried a sprinkling of "convertibles" among their holdings. The bond market, of course, has suffered from the working of the familiar rule that prices of fixed income producing securities decline under the pressure of rising commodity markets or increasing money rates.

Since the steady absorption of credit by the speculative stock market has been the primary factor in forcing interest rates to higher levels, bond investors have the latter to thank, or rather condemn, for the unsatisfactory price trends of their securities.

*Effects of Rising Stock Values*

But the guilty stock market is responsible for a backward bond market not alone on this count. Several years of steadily rising stock prices have so entranced the rank and file of investors that senior securities have fallen into no little disregard. Stocks have steadily gained in popularity as mediums of investment with detrimental effects upon bond prices, at least during the past several months.

Another effect of the enhanced popularity of stocks as compared with bonds is seen in the growing tendency of corporations to finance with stock issues rather than by flotations of senior securities. In the present state of the public mind stocks are easier to sell, have a greater appeal than bonds. Naturally, such a situation is much to the liking of the corporate world, since new financing through stock issues, or the substitution of stock for bond capitalization, removes the fixed claims which senior obligations have upon assets and earnings.

Still another reaction away from bonds has been caused by the speculative popularity of stocks in that the high level to which call money rates have been forced has tempted institutional holders of bonds, such as investment trusts, to liquidate their bond holdings in order that they might secure the higher return on capital afforded by lending funds so released in the stock market. Similarly, high rates for time loans have also competed sharply and effectively with bonds.

*Unfair Discrimination*

All these factors have operated to discourage interest in the bond market and to make for a gradual lowering of price levels. Though it is difficult, not to say impossible, to measure psychological influences as applied to security price movements, there is no question but that investors have permitted themselves to become unduly prejudiced against bonds. Evidences of this state of mind are seen in the voicing of theories, obviously extreme, that bonds may actually have lost their usefulness as mediums of corporate financing.

Stated in another way, bonds are suffering from what might be termed an adverse investment psychology. Dis-

torted viewpoints, however, are not unusual in periods characterized by intensive speculative activity, wherein the rank and file of investors are apt to assume that old economic laws are no longer, and will not again be, operative.

The failing popularity of bonds can best be regarded as one of the phenomena accompanying a prolonged bull market in stocks. But that it signifies the complete passing of bonds as an investment medium no serious minded student of finance is likely to admit. Bonds still have an important place in any sound investment program designed to produce an assured income.

The situation created by rising interest rates and lessened popularity of bonds has ameliorating features which the bond buyer may well regard favorably. Thus, the gradual decline in prices has brought yields to a relatively attractive level. Then again, the movement away from bond financing toward common stock flotations has tended to decrease the available supply of senior securities.

*Opportunities Available*

Given relief from the present tension of the money markets and a realization that bonds will always continue to have a proper place as a distinct class of investment securities, bonds should again come into their own. Meanwhile, the present situation has provided attractive opportunities for the bond buyer among the better grade issues.

Since the principal appeal in speculative and lower grade bonds lies in their possibilities for ultimate price enhancement, this class of senior obligation comes into active competition with common stocks. Hence, issues of this type are prone to suffer more from diminished interest in the bond market than those whose appeal rests solely upon investment quality. That is to say, in addition to the hazards inherent in the selection of speculative bonds, there has been injected a new factor of uncertainty which demands that the investor seeking speculative opportunities employ more than ordinary discrimination in selecting such issues.

*The Revised Guide*

In revising the Guide, provision has been made for the bond buyer who leans toward the semi-speculative types of bonds by including a few "convertibles" which carry a speculative appeal in their conversion feature and which, at the same time, may be considered sound investments independently of any possibilities for price appreciation contained in the right to exchange them for common stocks of the respective issuing companies.

This addition to the Bond Buyers' Guide constitutes practically the only major revision deemed necessary in the list since our last annual review, barring, of course, those changes made on occasion in accordance with our policy of maintaining constant supervision over the Guide.

# Bond Buyers' Guide

**Note.**—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Panama 5½s, 1853 (a) | .... | ... | 102½GT | 102 | 5.4 | 5.4 |
| Haiti 6s, 1952 (b) | .... | ... | 100 | 100 | 6.0 | 6.0 |
| Argentine 6s, 1959 (a) | .... | ... | 100 | 100 | 6.0 | 6.0 |
| Dominican 5½s, 1942 (a) | .... | ... | 101G | 96 | 5.8 | 6.2 |
| Chile 6s, 1960 (a) | .... | ... | 100 | 93 | 6.4 | 6.5 |

## Railroads

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Atchison, Top. & S. F. Conv. 4s, 1955 | 267.4 | 5.51 | 110 | 89 | 4.5 | 4.7 |
| Rock Island-Frisco Terminal 1st 4½s, 1957 (d) | .... | X | 102½T | 92 | 4.7 | 4.8 |
| Pennsylvania 5s, 1964 | .... | 3.25 | 105T | 102 | 4.9 | 4.9 |
| Illinois Central 4¾s, 1966 (a) | .... | 1.75 | 102½GT | 98 | 4.9 | 4.9 |
| Central Pacific Guar. 5s, 1960 (a) | .... | 2.25 | 105GT | 101 | 4.9 | 4.9 |
| N. Y., Chic. & St. Louis Ref. 5½s, 1974 (a) | 59.6 | 2.12 | 107½ | 106 | 5.2 | 5.2 |
| Western Pacific 1st 5s, 1946 (b) | .... | 1.25 | 100 | 98 | 5.1 | 5.2 |
| Central of Georgia Ref. 5½s, 1959 | 31.1 | 1.46 | 105AG | 104 | 5.3 | 5.2 |
| Missouri Pacific 1st & Ref. 5s, 1977 (a) | 125.2 | 1.28 | 105A | 95 | 5.2 | 5.3 |
| Chic. & W. Indiana 1st Ref. 5½s, 1962 | 49.9 | 1.50 | 105 | 103 | 5.3 | 5.3 |
| Wabash Ref. & Gen. 5½s, 1975 (a) | 62.4 | 1.75 | 105AG | 103 | 5.4 | 5.3 |
| Great Northern Gen. A 7s, 1936 (b) | 139.8 | 2.31 | .... | 110 | 6.4 | 5.4 |
| Nor'n Pacific Ref. & Impr. 6s, 2047 (a) | 166.7 | 2.38 | 110G | 111 | 5.4 | 5.4 |
| Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b) | 13.9 | X | 107½T | 108 | 5.6 | 5.4 |
| Baltimore & Ohio Ref. & Gen. 6s, 1995 (a) | 284.2 | 2.05 | 107½AG | 108 | 5.6 | 5.5 |
| Cuba R. R. 1st 5s, 1952 | .... | 3.07 | .... | 91 | 5.4 | 5.6 |
| Southern Railway Dev. & Gen. 6s, 1956 | 133.8 | 2.48 | .... | 112 | 5.4 | 5.6 |
| Minn., St. Paul & S. S. M. 1st 4s, 1938 | .... | 1.59 | .... | 87 | 4.6 | 5.7 |

## Public Utilities

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Pacific Gas & Elec. Gen. Ref. 5s, 1942 | 34.6 | 2.15 | 105T | 100 | 5.0 | 5.0 |
| Consol. Gas of N. Y. Deb. 5½s, 1945 (a) | .... | 5.40 | 106T | 105 | 5.2 | 5.0 |
| Utah Power & Light 1st 5s, 1944 | .... | 2.84 | 105 | 100 | 5.0 | 5.0 |
| Columbia Gas & Elec. Deb. 5s, 1952 | .... | 5.15 | 105T | 98 | 5.1 | 5.1 |
| Montana Power Deb. 5s, 1962 (a) | 34.7 | 2.67 | 105T | 99 | 5.1 | 5.1 |
| Detroit Edison 1st & Ref. 6s, 1940 (b) | 14.0 | 3.27 | 107½T | 107 | 5.6 | 5.1 |
| Hudson & Manhattan 1st Ref. 5s, 1957 (b) | 5.9 | 2.72 | 105 | 94 | 5.3 | 5.4 |
| Indiana Natural Gas & Oil Ref. 5s, 1936 | .... | 2.62 | .... | 98 | 5.1 | 5.4 |
| Amer. Water Works & Elec. Deb. 6s, 1975 (a) | 12.7 | 1.43 | 110 | 103 | 5.8 | 5.8 |
| Phil. Rap. Trans. 6s, 1962 (c) | 10.0 | 1.38 | 105 | 100 | 6.0 | 6.0 |
| Seattle Electric—Seattle Everett 1st 5s, 1939 (d) | .... | 3.01 | 105 | 93 | 5.4 | 5.9 |
| Twin City Rap. Transit 1st & Ref. 5½s, 1952 (b) (d) | 4.4 | 1.68 | 105T | 91 | 6.0 | 6.2 |

## Industrials

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Gulf Oil Deb. 5s, 1947 (c) | .... | 4.59 | 104AT | 100 | 5.0 | 5.0 |
| Youngstown Sheet & Tube 1st 5s, 1978 (a) | .... | 3.74 | 105T | 100 | 5.0 | 5.0 |
| Allis Chalmers Deb. 5s, 1937 (a) | .... | 8.48 | 103T | 99 | 5.1 | 5.1 |
| International Match Deb. 5s, 1947 (a) | .... | 57.03 | 103T | 96 | 5.2 | 5.3 |
| Chile Copper Deb. 5s, 1947 (a) | .... | 5.69 | 102T | 94 | 5.3 | 5.5 |
| Amer. Cyanamid Deb. 5s, 1942 | .... | 9.52 | 100 | 95 | 5.3 | 5.5 |
| Bethlehem Steel Cons. 6s, 1948 | 101.3 | 2.64 | 105 | 105 | 5.7 | 5.6 |
| Sinclair Pipe Line 5s, 1942 (a) | .... | 3.68 | 103 | 93 | 5.4 | 5.7 |
| B. F. Goodrich 1st 6½s, 1947 (a) | .... | 2.61 | 107A | 107 | 6.1 | 5.8 |
| U. S. Rubber 1st & Ref. 5s, 1947 (b) | 2.6 | 1.99 | 105A | 90 | 5.5 | 5.8 |
| Loew's Inc., 6s, 1941 (ex-war.) (a) | .... | 6.70 | 105T | 98 | 6.1 | 6.2 |

## Short Terms

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Amer. Cotton Oil 5s, May 1, 1931 | .... | 19.32 | 105 | 98⅝ | 5.1 | 5.7 |
| N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a) | 17.3 | 2.12 | 102 | 100 | 6.0 | 6.0 |
| Brooklyn Edison 6s, Jan. 1, 1930 (a) | 12.0 | 5.87 | 105 | 100 | 6.0 | 6.0 |
| Central of Georgia Sec. 6s, June 1, 1929 | 31.0 | 1.46 | 101AT | 100 | 6.0 | 6.0 |
| Sloss-Sheffield P. M. 6s, Aug. 1, 1929 | 1.6 | 3.75 | 105 | 100 | 6.0 | 6.0 |

## Convertible Bonds

| | Conv. Into | Interest Times Earned on All Funded Debt | Call Price | Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Inter'l Tel. & Tel. Deb. 4½s, '39 | Com.@200 | 6.02 | 102½ | 113 | 3.9 | 3.0 |
| Atch., Top. & S. F. Deb. 4½s, '48 | Com.@166.6 | 5.51 | 102 | 113½ | 3.9 | 3.5 |
| Inter'l Cem. Corp. Deb. 5s, '48 | Com.@90.90 | 5.45 | 105 | 108½ | 4.6 | 4.4 |
| N. Y., N. H. & Hart. 6s, '48 | Com.@100 | 1.69 | .... | 120 | 5.0 | 4.4 |
| Amer. Inter'l Corp. Deb. 5½s, '49 | Com.@80 | 2.34 | 105 | 104⅛ | 5.3 | 5.1 |
| Chesapeake Corp. Col. Tr. 5s, '47 | C & O@220 | 2.45 | 100 | 99 | 5.1 | 5.1 |

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100. Earnings are on five-year average basis unless available only for shorter period.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

*Southeastern Power & Light Company*

# THE SUPERPOWER PROJECT *of the* SOUTHEAST

## Rapid Development of This Well Coördinated System Made Necessary by Tremendous Growth of Territory

By WILLIAM KNODEL

**Growth of Southeastern Power & Light System**

| | 1923 | 1924 | 1925 | 1926 | 1927 |
|---|---|---|---|---|---|
| Gross Revenue .. | $8,344,637 | $9,810,829 | $17,796,847 | $37,359,569 | $41,669,252 |
| Net Operating Revenue ...... | 4,066,415 | 4,911,649 | 9,023,444 | 17,761,600 | 21,069,971 |
| Operating Ratio.. | 51.3% | 49.9% | 49.3% | 52.4% | 49.4% |
| Earnings per Share ......... | ...... | $0.62 | $1.98 | $2.29 | $2.93 |
| Kva Power Plant Installed Capacity | 313,712 | 354,965 | 424,275 | 964,780 | 986,953 |
| Kwh Output (thousands) ... | 763,261 | 823,247 | 1,196,244 | 1,969,184 | 2,215,947 |

WITHIN the space of a dozen years, the Southeastern Power & Light Company system has increased by over 30 times, as measured by the gross earnings, the amount of business done by the nucleus of the system in 1916. The remarkable growth indicated so strikingly by this comparison has been accomplished with the primary idea of forming a compact electric utility system from which the advantages and economies of large scale operations and interconnections can be realized. It requires oniy a glance at the accompanying map to convey the extent to which this development has been carried out.

Through this tremendous expansion, Southeastern Power & Light Company now occupies an exceptionally strategic position in a territory which not only has been experiencing rapid industrial development but possesses vast potentialities for further development in this direction, a factor which portends huge benefits that will undoubtedly accrue to the system in the future. The company is virtually the superpower project of the southeast.

*Industrial Growth of Territory*

Through subsidiary companies, Southeastern Power & Light Company furnishes electric service to substantially the entire state cf Alabama, the northern and the east central section of Georgia, the southeastern section of South Carolina, the northwestern portion of Florida, and the eastern half of Mississippi, embracing an area of approximately 140,000 square miles, and having a total population of about 4,000,000. In the states where the company operates, Southeastern Power in 1927 supplied 51.3% of the total output of electric power. All of the larger cities in this territory with three exceptions are served with electricity. The total number of communities directly served with electricity is 467, and indirectly to about 119 others. Other utility services are also supplied but these constitute relatively a small part of the company's activities. Gas service is provided in 14 communities, electric railway service in 16 communities, and water service in 15 communities. According to a recent announcement, some of the gas properties have been sold.

The five operating subsidiaries of the Southeastern Power & Light Co., organized practically on state lines, are the Alabama Power Co., Georgia Power Co. and associated companies, Mississippi Power Co., South Carolina Power Co., and the Gulf Power Co. operating in Florida.

The territory of the Southeastern Power & Light Company lies chiefly in that portion of the southeast which has been experiencing probably to the greatest extent the rapid industrial expansion which has characterized this section of the country within comparatively recent years. An abundance of natural resources, especially coal, iron, clays, stones, and phosphates has been the basis for a broad and diversified industrial development. The iron and steel industry centering around Birmingham has developed to the extent where Alabama now ranks as the third state in the Union in the number of blast furnaces and more than 80% of this output is carried into further states of manufacture in the same plants which normally operate steelworks, rolling mills and foundries.

*Diversified Manufacturing*

The rapid development of allied and other industries has also been a marked feature. Among these may be mentioned plants manufacturing sugarmill, vegetable oil mill, and cotton compress machinery; cotton gins; agricultural equipment; ice-making, textile, lumbering, mining and miscellaneous machinery; cast iron pipe; stoves, heaters and furnaces; fertilizers and chemicals; and railroad car equipment at various points of the Southeast, but chiefly centering around Birmingham.

Southeastern's territory includes also textile industries in the Piedmont section of some of the states served. Other activities include wood fibre plants, stone quarries, brick plants, woodworking plants and paper mills. Atlanta is an important center of manufacturing and wholesale distributing operations. Foreign and domestic ex-

port and import shipping is conducted at Charleston, S. Car., Brunswick, Ga., Pensacola, Fla., Mobile, Ala., and Gulfport, Miss. A number of resort and coast cities are served in Georgia, Florida, Alabama and Mississippi.

The company has a special new industries division primarily concerned with inducing industries to locate in the territory served, where it can be economically done. These efforts are resulting in industries being established in many of the smaller communities, thus creating payrolls and bringing to these communities the advantages of decentralized industry. This movement is having a profound effect on the entire southeast and it is believed will continue for an indefinite period, due to the underproduction of a vast number of products consumed in the southeast, as well as to the local conditions which make it profitable to manufacture many products for export and for distribution into other sections of the country.

The water power resources of the southeast are one of the most important sources of wealth in this territory and in recent years extensive hydro-electric developments have been undertaken. The power belt lies in the broad fan-shaped southern extremity of the Appalachian system, which, with its surrounding plateaus and foothills extends to the fall line. The southeast can claim perhaps slightly more than 20% of the total developed hydro-electric power in the United States. Of the six southeastern states, Alabama ranks first in the point of developed hydro-electric power, with South Carolina second and Georgia third. It is in this water power area of the southeast where the Southeastern Power & Light Co. chiefly operates, so that it is only natural that much of the company's electric output should be derived from this source.

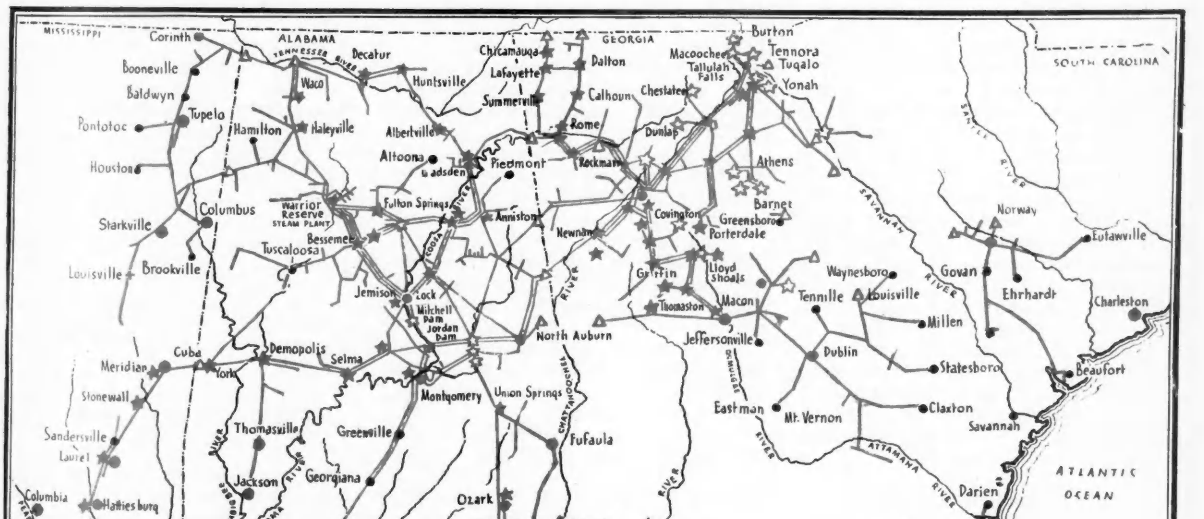
In fact, Southeastern Power & Light Company owns one of the largest hydro-electric systems in the United States and is rapidly undertaking the further development of this source of power in anticipation of the growing requirements within its territory. The character of the rainfall, which is highly seasonal, together with the absence of lakes and other natural reservoirs produce an extreme irregularity of stream flow so that not only must large artificial storage basins be constructed at various carefully selected points to produce a more even flow, but auxiliary steam plants as well which are drawn upon in case of drought or seasonal changes. In this latter respect, a tremendous advantage is enjoyed in the abundance of coal within short haul distance for supplementing the water power. Southeastern Power & Light Co. through one of its subsidiaries, Southeastern Fuel Co., which is solely a mining company, owns large reserves estimated to contain 138,000,000 tons of coal and supplies the steam generating plants of the system with their coal requirements. The combination of large water power resources and of ample fuel supplies either for supplementary power purposes or for large individual steam power projects is an ideal condition for the production of an enormous quantity of electricity at low cost, and undoubtedly is one of the important advantages accounting for the rapid industrial development taking place in this section of the country.

The development of Southeastern Power & Light Company as a super-power system has been facilitated by reasons partly geographic and partly economic. The water power area is confined to a comparatively concentrated area near the base of the southern Appalachian Mountains where occur most of the streams rising in high altitudes. With this geographical factor must be considered the economic advantages offered by power interchange made necessary by the sharp seasonal and other fluctuations in power output of the individual hydro-electric projects. Under the Southeastern Power & Light Company, interconnection of power plants and transmission systems has proceeded to a remarkable degree, hydro-electric projects as well as the steam projects being included in the pooling of power and interchange. This allows a more even distribution of power over the whole area served, so that the possibility of power shortage is practically eliminated from all of the localities served by the system. According to most recent figures, about 70% of Southeastern's owned capacity is hydro-electric and only 30% steam; of the total owned and leased capacity 67% is hydro-electric and 33% is steam.

*Systematic Development*

The growing power requirements within its territory has necessitated large annual expenditures on the part of the Southeastern Power & Light Company for increased generating, transmission and distributing facilities. Close to $44,000,000 was added to the company's capital account in 1927 for construction and acquisitions during that year, and substantially an equal amount was spent in 1928. The completion of the Jordan Dam on the Coosa River in 1928 has added 144,000 horsepower, and will ultimately be expanded to 216,000 horsepower. The Upper Tallassee project added a total of 50,-

(*Please turn to page 969*)



*Delaware & Hudson*

# Improved Earnings Outlook Before Important Anthracite Carrier

## Growing Industrial Territory Served—Profitable Subsidiaries

By MAX HALPERN

**Record of Operating Progress**

| | 1923 | 1927 | 11 Mos. ending Nov. 30, 1927 | 11 Mos. ending Nov. 30, 1928 |
|---|---|---|---|---|
| Gross tons per train | 1711 | 1823 | 1832 | 1892 |
| Speed-miles per train hour | 9.3 | 12.0 | 12.1 | 12.2 |
| Train hours | 495,778 | 350,119 | 321,135 | 290,334 |
| Fuel consumed lbs. 1,000 gross ton miles | 210 | 151 | 150 | 140 |
| Gross ton miles per train hour | 15,903 | 21,897 | 22,082 | 23,158 |
| Cars—Train | 40.5 | 46.3 | 46.3 | 49.1 |
| Car miles per day | 27.9 | 34.2 | 34.4 | 34.0 |

THE Delaware & Hudson Company presents many interesting aspects at this time, for aside from the strategic location of the railroad lines, as well as its strong treasury position, developments are now well under way for the segregation of its anthracite coal investments. By the incorporation of the Delaware & Hudson Corporation under New York State laws to acquire and operate the company's railroad properties, the Delaware & Hudson Company has taken the final step to carry out these plans. It has now become solely a holding company. Should these plans be approved by the Interstate Commerce Commission, the new corporation will become a vast investment trust, with holdings in the anthracite coal and transportation business, as well as the equivalent of $63,000,000 in cash or securities, derived from the sale of its Wabash and Lehigh Valley holdings in the spring of 1928 to the Pennsylvania Railroad. Aside from the foregoing considerations, some interest undoubedly centers around the record of the company's railroad operations in recent years.

### *Canal Building to Railroading*

The Delaware & Hudson Company is one of the oldest corporate organizations of the country. It was originally chartered by the New York State Legislature in 1823 for the purpose of constructing a canal from the coal fields of Pennsylvania to the Hudson River at Rondout, New York. A gravity railroad was completed in 1829; which was subsequently brought up to standard gauge and opened for regular business in 1900.

Delaware & Hudson is a bridge line; it links the anthracite regions of Pennsylvania with New England and Canada. The most important mileage operated extends from Wilkes-Barre, Pennsylvania and the anthracite coal fields contiguous thereto to Albany and Troy on the Hudson River and thence northward into the Adirondacks to Rouse's Point on the New York State-Canada border. The lines of the Company also reach such industrial centers as Binghamton, Schenectady, Cohoes and Glens Falls, in New York, and Rutland, in Vermont. From Rouse's Point it extends to Delson Junction, Canada, where connection is made with the Canadian National Railway, over whose lines it has trackage rights into Montreal. Through stock ownership the Delaware & Hudson controls the Quebec, Montreal and Southern. This line extends from St. Lambert on the St. Lawrence River, opposite Montreal and parallels the river to Frontierville, Quebec. The latest annual report reflected a total of 905 miles of main track and 371 miles of second main track operated, situated in New York, Pennsylvania, Vermont and Connecticut.

Most of the tonnage carried by Delaware & Hudson originates on its own lines, the average for the period 1923-1927 being 58.8%. Products of mines comprised the most important group of commodities transported, averaging 68.6% of the total revenue tonnage during the period under consideration. The most important item from a tonnage standpoint, anthracite coal, fluctuates considerably, owing to strikes, overproduction, as well as competition from other fuels. The accompanying table indicates its relative importance:

| Year | Anthracite Tons Transported |
|---|---|
| 1923 | 13,117,090 |
| 1924 | 13,883,863 |
| 1925 | 9,893,622 |
| 1926 | 13,744,726 |
| 1927 | 12,288,936 |

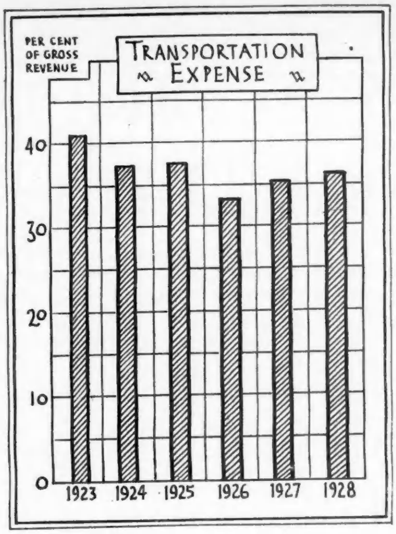
Most of the coal moves via the Albany gateway for points in New England and Canada. In the past five years, anthracite averaged 50.1% of the volume of business handled. Over 80% of the anthracite business is originated. Other items in order of their importance in this group are bituminous coal, all of which is received from connections and clay, gravel, etc.

Manufactures rank second, increasing from 4,165,679 tons in 1923 to 4,770,-990 tons in 1927, a gain of 14.5%. This group averaged 18.6% of the total revenue tonnage transported and among the more important items carried under this classification were cement and paper products. The latter reflects a sharp increase, having risen from 234,374 tons in 1923 to 524,883 tons in 1927, a gain of 80.5%. Products of forests, agriculture and animals follow in order, averaging 4.6%, 4.3% and .67% respectively. Less car load freight averaged 2.39% of the freight carried since 1923. Owing to the fact that mineral products constitute so large a proportion of the total freight, fluctuations in tonnage are of considerable magnitude. In 1923 and 1924, 27.4 and 27.0 million tons respectively of revenue freight were reported. In 1925, owing to the anthracite strikes, 23.84 million tons were carried. Owing to the increase in the production of anthracite in 1926, 28.3 million tons were carried and in 1927 the total revenue tonnage amounted to 26.49 million tons.

The lower tonnage in 1927 was due to milder weather, a factor which greatly influences the demand for coal. Hauls per ton are fairly long, averaging approximately 148 miles.

*Lower Transportation Revenue*

Total revenues from transportation decreased from $47,320,452 in 1923 to $42,753,526 in 1927. While passenger revenues decreased slightly, declining from $4,016,718 to $3,611,545, this reduction is not as pronounced as in the case with most carriers. The greatest portion of the decrease is due to freight revenues which fell from $40,550,013 in 1923 to $36,244,366 in 1927. In 1928, freight revenues were $33,628,011, most of the decrease being due to the smaller coal shipments. The latter fluctuates considerably and although tonnage of this commodity averaged about 58% of




the total tonnage in the past five years, revenues therefrom accounted for but 46.5% of the total derived from transportation. A further explanation of the decrease lies in the lower ton mileage reported. The latter fell from 3.85 to 3.53 billions or 8.3%. Average receipts per ton mile also decreased from 1.052c to .97c, a reduction of 7.8%.

Operating expenses reflected a disproportionately greater decrease, declining from $39,352,239 in 1923 to $31,585,665 in 1928, a reduction of $7,766,564. Most of this was absorbed by lower transportation expenses which fell from $19,366,915 to $15,024,742, a reduction of $4,324,173. The showing as regards transportation would have been better had it not been for wage increase of $269,323 in 1927.

The ratio of transportation expenses to total revenues decreased from 40.93% in 1923 to 36.4% in 1928 or 4.53%. The foregoing amount absorbed practically all of the decrease in the operating ratio which was reduced from 83.16% to 78.3% or 4.86%. Maintenance of way increased from $4,414,384 to $5,716,637 in 1927. In 1928, maintenance of way expenditures were $4,-717,159. It is true that the volume of traffic decreased, but the increased maintenance expenditures were to some extent also due to higher wages as well as increased costs due to the laying of creosoted ties for renewals.

*Smaller Equipment Charges*

Maintenance of equipment decreased from $13,114,202 to $11,284,972 during 1923-1927. In 1928, maintenance of equipment expenditures were $9,373,-536. A further improvement may be witnessed ultimately, since careful examination of repairs to freight cars, as well as locomotives appear to be rather excessive during 1923-1927.

While the results reported by Delawar & Hudson are not readily comparable with those attained by other carriers, it appears that repairs per locomotive mile were rather high. The latter averaged 34.8c, whereas, other roads operating under almost similar conditions averaged 25c over a period of years. Inasmuch as the company reported an average of approximately 10 million locomotive miles in recent years, a reduction of about 9.8c per locomotive mile would result in an annual saving of almost $1,000,000 annually, or approximately $1.80 per share. Likewise, repairs per freight car mile also appear heavy. They averaged 2.34c in 1927. It is true that a steady improvement has been witnessed since 1923, when an average of 2.77c was reported; but there is some possibility that repairs per freight car mile could be reduced to the extent of 1c, in which event a figure of about 1.3c would be attained, or the average cost reported by most railroads in the United States.

With a reported average of approximately 185 million freight car miles annually, during 1923-1927, economies

(*Please turn to page* 946)

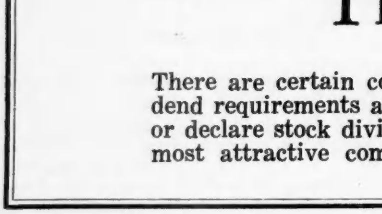
## Revenue Statistics

| | 1923 | 1924 | 1925 | 1926 | 1927 | 1928 |
|---|---|---|---|---|---|---|
| Revenues—Freight | $40,550,013 | $38,623,345 | $34,780,038 | $40,075,914 | $36,224,366 | $33,628,011 |
| Revenues—Coal | 24,329,812 | 22,308,427 | 17,772,850 | 21,767,237 | 18,322,959 | ........ |
| Revenues—Passenger | 4,016,718 | 3,815,197 | 3,700,186 | 3,724,209 | 3,611,545 | 3,496,564 |
| Total Revenue—Transportation | 47,320,452 | 45,012,988 | 41,769,741 | 46,433,690 | 42,753,526 | 40,229,715 |
| Operating Expenses | 39,352,239 | 36,727,926 | 34,030,126 | 34,941,819 | 34,656,101 | 31,585,665 |
| Operating Ratio | 83.16 | 81.59 | 81.47 | 75.25 | 81.06 | 78.3 |
| Transportation Expense | 19,366,915 | 16,888,257 | 15,499,876 | 15,411,347 | 15,024,742 | 14,669,098 |
| Transportation Ratio | 40.93% | 37.07% | 37.11% | 33.19% | 35.14% | 36.4% |
| Net Railway Operating Income | 6,450,026 | 7,308,764 | 6,715,411 | 9,774,815 | 6,589,781 | 7,662,966 |
| Non-Operating Income | 3,795,101 | 5,862,628 | 5,412,599 | 5,860,124 | 2,711,905 | 3,762,999 |
| Total Income | 10,245,127 | 13,171,393 | 12,128,041 | 15,634,940 | 9,301,687 | 11,425,965 |
| Interest Charges, Rentals, etc | 5,533,427 | 7,354,016 | 7,220,332 | 7,757,495 | 6,264,383 | 5,041,737 |
| Net Income | 4,711,699 | 5,817,376 | 4,907,708 | 7,877,444 | 3,037,304 | 6,384,228 |

# Stocks Which Should Increase Their Dividends

**There are certain companies whose earnings substantially exceed their dividend requirements and are hence in a position to increase the dividend rate or declare stock dividends. Our staff has selected eight of the strongest and most attractive companies for critical analysis.**

## *Underwood Elliott Fisher Co.*




GENERALLY speaking, the shares of a company as young as Underwood Elliott Fisher do not readily qualify, for lack of seasoning, as a sound investment medium. In this instance, however, the past record of the component companies, the initial showing of the present organization, and the well-defined outlook for continuous growth, would seem to preclude any doubt as to the fundamental strength of the company or the merit of its common stock.

The company was formed January 1, 1928, for the purpose of facilitating a merger of the Underwood Typewriter Co. and the Elliott-Fisher Co. The latter company is the world's largest manufacturer of flat surface writing and accounting machines and the Underwood Typewriter Co., one of the pioneers in its field, is the leading manufacturer of typewriters and supplies. Thus, it is not wholly surprising that the company growing out of the union of two such well established and successful organizations, and unhindered by readjustment problems, was able to quickly co-ordinate its activities and report a marked increase in earnings.

Capitalization is not burdensome and consists solely of 31,512 shares of 7% preferred stock with a par value of \$100, 8,100 shares of Series "B" \$7 preferred stock having no par value and 675,830 shares of no-par common stock, as of December 31, 1928. The Sundstrand Corp., a subsidiary, has 15,199 shares of 7% preferred stock outstanding. Earlier this year the common stock was increased by 21,005 shares to 696,835 shares for the purpose of acquiring the property and assets of the Neidich Process Co. of New Jersey.

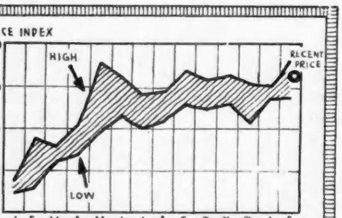
The company's report for 1928 revealed net income totalling \$4,643,456 and equal to \$6.18 per share on the outstanding common stock, after allowing for all charges, depreciation and preferred dividends. Consolidated earnings of constituent companies in 1927 were equal to \$5.54 on a smaller capitalization. Measured in figures, the improvement witnessed last year represents a gain of nearly 17% in net profits, a showing which may be considered as extremely gratifying, when it is recalled that numerous other large consolidations have, for various reasons, required a much longer period of time before earning power reflected the merger benefits.

During 1928, the company retired all of its bank loans and added \$1,615,428 to surplus account. Cash and call loans alone exceeded current liabilities and working capital totaled \$15,097,371.

With the acquisition of the Neidich Process Co., referred to above, a company engaged in the manufacturing of typewriter supplies, Underwood Elliott Fisher becomes a complete unit in its field. Moreover, it is expected that the earnings of this new company will add \$1 per share to profits in the current year. Further operating economies can in all probability be effected and barring any unforeseen turn in the present favorable outlook, we anticipate earnings in excess of \$8 per share for 1929.

*Present dividends of \$4 per share annually have been paid since early in 1928, but the upward trend of earnings and the company's strong financial position, lends considerable weight to the possibility of a more liberal rate in the near future.*

## *Canada Dry Ginger Ale Co. Inc.*




NOW ranking as the foremost enterprise in its field, the Canada Dry Ginger Ale Co. has achieved a pronounced degree of success in marketing a specialty which is also a highly competitive product. Conservatively capitalized and gifted with an able management, the company should continue to register satisfactory progress in the future and to an extent likely to enhance the investment and market value of its shares.

Operations are conducted through the medium of various subsidiary companies including the Canada Dry Ginger Ale Inc. of Virginia, and Canada Dry Ginger Ale Ltd., a Canadian corporation. During the past year the company embarked upon an expansion program apparently designed to strengthen its competitive position and extend its line of products to include other soft drinks such as root-beer, sarsaparilla and similar carbonated beverages. Two companies, G. B. Seely's Sons, Inc., and the Chelmsford Co. of Mass., were acquired and given the benefit of the successful methods of Canada Dry's management, these companies should contribute materially to earnings in the current year.

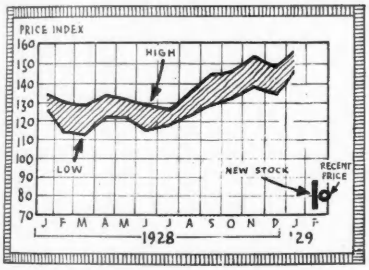
Viewed from every angle, 1928 was the most satisfactory year in the company's history. Not only did the above mentioned expansion take place but sales and profits substantially exceeded those of any previous year. Net income was equal to about \$6.10 per share on the 508,890 shares of stock which constitute the only capital liability as contrasted with \$5.07 a share in 1927 when only 459,706 shares were outstanding. It is significant that last year's earnings include those of G. B. Seeley's Sons for only seven months and those of the Chelmsford Co. for the last quarter whereas, per share profits are computed on the basis of the entire amount of stock outstanding including the addi-

tional amount issued in connection with the acquisition of these companies.

With the continuation of extensive advertising policies, it appears safe to assume that sales this year will show a normal increase in volume, accompanied by a relative gain in earnings, and with the benefits accruing from recent acquisitions likely to be more fully reflected, the belief that from $8 to $9 per share will be shown does not seem over-optimistic. Working capital requirements are comparatively low, a feature which, together with the company's strong financial position, permits the management to adopt a liberal attitude toward stockholders, as evidenced by the steady increase in the dividend rate since payments were inaugurated in October, 1925. The present rate is $4 per share and an extra of 50 cents was paid last October.

Unless actual earnings fall considerably short of estimates, which is hardly likely, an increase in dividends to at least $5 per share seems logical to anticipate. *On that basis, commitments made at present levels around 83 would have a potential yield of about 6%, which may be regarded as attractive in the light of the company's past record and favorable prospects.*

## Timken Roller Bearing Co.



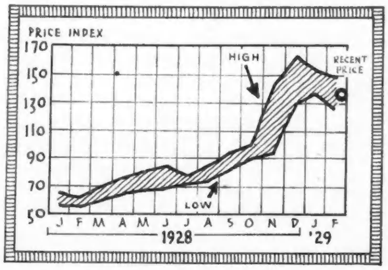

THE tremendous expansion which has taken place in the automobile industry, marking an outstanding accomplishment in the commercial history of the United States, has brought numerous independent but complementary companies into prominence. One of the most successful of these concerns is the Timken Roller Bearing Co., which supplies friction-reducing equipment for over 75% of all the passenger cars, trucks and buses manufactured in this country. For the investor seeking a sound common stock equity backed by established earning power and possessing distinct possibilities for long term appreciation, the shares of the company in question may be readily endorsed.

Established nearly twenty-five years ago for the purpose of manufacturing bearings and axles for various types of wagons, a foresighted management soon recognized the possibilities in the automobile industry, which at that time was struggling under the handicaps of skepticism and other problems. Nevertheless, the company developed a line of bearing equipment adapted to the earlier types of motor vehicles and from that time on has kept pace with the steadily increasing demand for all classes of automobiles. With the exception of the General Motors Corp., which has its own bearing manufacturing subsidiary, practically all of the prominent automobile producers use Timken equipment, in part or entirely. Of late Timken has been actively engaged in introducing its products in other industrial fields, notably heavy machinery and railway rolling stock. At last reports, over a hundred railroads were either using Timken bearings more or less extensively or experimenting with them and this field would seem to offer important potentialties. Business is further diversified by the production and sale of electric steel and an addition, to the present plant, now in the course of construction will increase ingot capacity to 360,000 tons annually.

The capital stock was split, two shares for one, late last year and there are now 2,401,764 shares outstanding. The company has no preferred stock or funded debt and shareholders have a direct claim on earnings. Operations in 1928 produced a net profit of $13,730,145, after a liberal deduction for depreciation. This compares very favorably with $9,554,397 reported in 1927. As applied to the present capitalization earnings last year were equal to $5.71 per share as against $3.97 in the preceding year. Thus, earnings maintained the consistent upward trend in evidence since 1924 and with practically all of the important automobile manufacturers operating under higher production schedules, officials of the company have confidently expressed their belief that profits will show a further gain this year.

*With a background represented by an extremely strong financial position and prospective current earnings of from $7.50 to $8 per share, it is possible to offer a sound argument in favor of higher dividends and steady enhancement in the market value of the stock over a reasonable period of time.*

## Packard Motor Car Co.




THE Packard Motor Car Co. enjoys the distinction of being one of the few companies specializing in the manufacture of high-priced passenger cars able to show large profits during the past few years. It is readily apparent that automobiles, ranging in price from $2,275 to $2,675 for standard models, and considerably higher for custom models as in the case of Packard products, command a much smaller market by comparison with popular-priced vehicles. Undoubtedly, the excellent craftsmanship and performance characteristic of its models has played an important role in the company's progress but at the same time credit must be given to the aggressiveness and successful merchandising methods employed by the management. Moreover, a degree of stability is imparted to earnings by virtue of the company's diversified activities, concerning which the following statement appeared in the report for the 1928 fiscal year: "The company's profits arise not only from the sale of motor cars, marine and aviation engines, and service parts, but also from substantial branch profits, discount on purchases, rentals, patent royalties, interest earned, profit on real estate operations and various miscellaneous items."

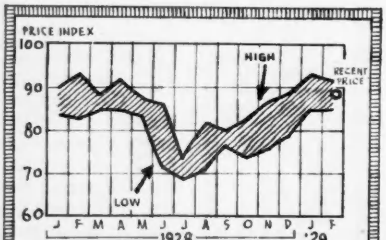
The fiscal year which ended August 31, 1928 was the most prosperous in the company's history. Sales for that period showed a gain of 32% over the previous year but the gain in profits of 86% was even more important and emphasized a marked improvement in operating efficiency. Another significant fact was an increase of 65% in export sales and it was officially stated that the company is now represented in 60 different foreign countries. After deducting liberally for depreciation and allowing for taxes, net profits amounted to $21,885,416 equivalent to $7.28 per share on 3,044,264 shares of capital stock, par value $10. This compares with $3.91 and $5.27 shown in the 1927 and 1926 fiscal years, respectively. Over 50% of the company's assets was comprised of current items, with cash and securities in excess of $21,680,000 whereas current liabilities totalled only $14,706,000.

The current fiscal year has begun auspiciously and in the three months' period ending Nov. 30, 1928, net profits established a high record, being equal to $2.76 per share. Present production plans indicate a substantially higher output during the coming months and the recent reduction of $160 in the prices of standard models will in all probability be offset by further operating economies and the added impetus which should be given to sales. Increasingly keen competition is a factor not to be disregarded but the past record of the company affords ample basis for confidence in its ability to cope with present conditions in a satisfactory manner. The development of a Diesel airplane engine by Packard has been attended with a measure

of secrecy but the general belief prevails that it will embody several unique and important features and permit the company to make a strong bid for that class of business.

Last year the company disbursed about 57% of earnings in the form of dividends to stockholders but with the regular rate of $3 nearly covered in the first quarter and with earnings mounting steadily, an increase in the present rate or additional extras should be forthcoming. *While prevailing quotations do not commend the shares as an outstanding opportunity for quick profits, the company's outlook is such as to warrant a sound rating for the stock as a longer pull medium.*

## Crucible Steel Company of America




TO the investor who is gradually becoming accustomed to an income return of less than 4% on high grade common stock investments, an opportunity to secure a sound equity issue in an established company and yielding over 5½%, should be welcome. Such an opportunity is offered by the common stock of the Crucible Steel Co. of America, currently quoted around 88 to yield 5.70%.

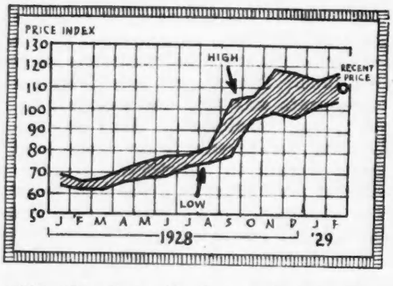
The Crucible Steel Co. accounts for about 90% of the total output of crucible steel in the United States. To that extent, therefore, the company is rather closely allied with the automobile industry, which affords the largest outlet for steels of this type, although the inference should not be drawn that the prosperity of the company is solely dependent upon this single industry. Other important consumers of crucible steel include the building and railway equipment industries. During the past nine years $32,779,998 has been expended for additional properties and equipment with the result that output capacity has been doubled and a high degree of operating efficiency is obtained. This outlay entailed no additional financing, the necessary funds having been provided by surplus earnings. The production of electric alloy steel is understood to be a factor of increasing importance and further expansion in this phase of the company's activities may conceivably tend to have a favorable influence upon the stability of earning power.

The company has no funded debt aside from $4,250,000 of subsidiary bonds and capitalization consists of $25 million 7% preferred stock of $100 par value and $55 million of common stock also having a par of $100. In 1926, the company purchased 100,000 shares of its own common stock which has been since retained in the treasury but the chairman of the board of directors stated in connection with the 1928 report that the advisability of distributing this stock from time to time to shareholders in the form of a dividend had been under consideration. He added further that definite action in this matter should be forthcoming in the near future.

Owing to unfavorable conditions in the general steel industry during the first half of 1928, earnings of Crucible were adversely affected and directors conservatively elected to reduce dividends from $6 to $5 per share in order to prevent any impairment in the company's strong financial position. Higher prices and an increasing demand for steel products in the last six months, however, enabled the company to show profits for the full year equivalent to $7.07 per share, on the common stock, as compared with $7.03 in 1927. Unfilled orders at the beginning of the present year showed an increase of 31% over the previous year, steel prices continued strong and new business is reported to have been substantial. Hence, it would seem logical to expect a sharp improvement in earnings for the initial six months.

*The possibility of at least a moderate stock dividend, if not an upward revision in the cash rate, seems assured and the common stock appears to have definite attraction as a semi-speculative commitment affording a comparatively liberal yield.*

## Cerro De Pasco Copper Corp.




REGARDED as the lowest-cost copper producing company in the world and having ably demonstrated its ability to operate profitably throughout the period of unfavorable metal prices prior to 1928, the Cerro De Pasco Copper Corp. is in an excellent position to take advantage of the improved conditions now existing and in prospect for the copper industry. Paradoxically, however, the shares of the company have failed to show the same degree of market price enhancement as has been witnessed in other representative copper stock issues. In the absence of any fundamental factor which would be likely to retard the shares marketwise, they appear undervalued and distinctly attractive at this time.

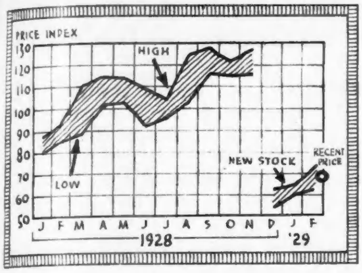
The average cost per pound of copper produced by the company is about four cents which is extremely low and is made possible by the large silver and gold content of the ore body. Income derived from the sale of these metals is deducted from expenses for mining and treatment. During 1927 the production of lead and zinc concentrates in commercial quantities was begun and at the present time experiments are being conducted in the treatment of low grade silver ore. In time these activities may be expected to make important contributions to earnings. Owning the only smelter in the district, the company receives a large volume of custom ore which is treated at a stipulated profit and income from that source is substantial. It is also reported that earnings derived from the operation of the Cerro De Pasco Railway are sufficient to cover total tax expenses of the parent company.

Annual production capacity amounts to approximately 144 million pounds of copper, 20 million ounces of silver and 75 thousand ounces of gold but in recent years output has been restricted by unfavorable conditions in the nonferrous metal industry as well as handicaps imposed upon the company in connection with construction of the new smelter, and a washout in 1925. Largely through intelligent co-operation and aided by a larger increase in consumption, the copper industry has undergone convincing improvement and during the past year copper prices have experienced a steady rise. Further increases have been announced in the current year and present prices are higher than at any time since 1920. The entire industry has been stabilized and there is nothing in the immediate outlook which would presage any change of an adverse character.

Cerro's production in the past year approximated 100 million pounds of copper or nearly 10 million pounds greater than in 1927 and it is estimated that earnings were equal to about $8 per share. The company, however, makes very liberal charges for depreciation and depletion which will serve to reduce per share results somewhat. Each increase of one cent in the price of copper would increase earnings 90 cents per share, on the basis of 1928 production, but with output in the current year likely to be stepped-up to meet the larger demand, earnings might conceivably reach $12 to $15 per share, depending upon subsequent conditions.

*The present trend of earnings indicate the probability of an increase in dividends to at least $6 per share and the ratio of existing market quotations to contemplated profits strongly suggests the possibility of higher levels for the shares.*

## Continental Can Co.



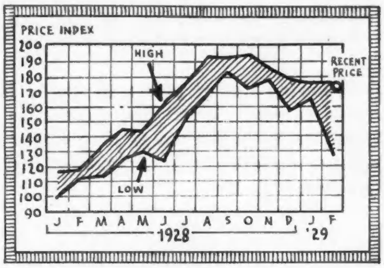

ALL other factors being equal, it sometimes happens that the focusing of investment and speculative attention on the leading unit in a given industry tends to obscure the possibilities offered by the shares of other companies in the same field. Such would appear to be the case in the instance of the Continental Can Co., which ranks as the second largest manufacturer of tin containers.

Organized in 1913, the progress of the company from that time has been consistent and operations in every year have shown a profit, although 1921 particularly was a year of widespread depression in the industry. In subsequent years, however, with but one exception, earnings have shown an improvement over the preceding year. The pronounced growth which has taken place in the food packing industry has, of course, been reflected in the earnings of Continental Can but emphasis must be given to the foresighted policy of the management in establishing the various plants of the company at advantageous points throughout the country. Through the efforts of an active development department, containers suitable for purposes other than canning have been introduced with the result that 25% of the total output is now taken by various other industries. To that extent the company's dependence upon the food packing industry has been reduced. During the past year, an aggressive expansion program was undertaken and seven can-making companies were acquired, giving Continental a total of 28 plants. Included in this group was the United States Can Co., the third largest manufacturer. Two additional companies have been acquired in the current year and it would appear that it is the intention of the management to continue its active efforts to strengthen the competitive position of the company.

The past year was the most profitable of any since the company was organized and computed on the basis of 1,459,991 shares of common stock now outstanding net income, after dividends on the preferred stock, was equal to $4.34 per share. On the same basis earnings in 1927 were equivalent to $3.78 per share. During the past year a stock dividend of 100% was paid on the common stock which, aside from 49,320 shares of $7 preferred stock, has a sole lien on earnings. The improvement which took place in the company's financial position is noteworthy, working capital having increased nearly $7,500,000 to slightly less than $25,000,000 and current liabilities amounted to only $1,750,328 or about one-third of cash alone. While the results for the past year were very gratifying, the more complete benefits to be derived from acquisitions may be expected to find broader reflection in 1929 earnings.

*Based on an estimate of profits equal to at least $5 per share in the current year, and the company's exceptionally strong financial position, ample foundation is given to the possibility that the present $2.50 dividend will be raised to perhaps $3, and over a period of years gradual enhancement in the value of the shares should be witnessed.*

## The Texas & Pacific Railway Co.




WITH but few exceptions, the market action of railroad stocks, as a group has been desultory for many months past and in spite of the fact that numerous roads reported record-breaking earnings and increased operating efficiency accompanied by the inauguration of initial or higher dividends, during 1928, representative rails have failed to participate in the broad upward movement experienced by industrial and public utility shares. It would appear that the absence of developments sufficiently spectacular to engender enthusiasm, accounts for the apathetic attitude of traders and investors alike. However, with proposed consolidations proceeding more rapidly and under conditions designed to secure the sanction of the Interstate Commerce Commission, rail shares should enjoy increasing popularity, under favorable market conditions.

Earnings of the Texas & Pacific Railway last year registered one of the most pronounced gains of those roads which have issued preliminary reports. Gross revenues were 30% higher than for 1927 and net operating income increased nearly 61%, both of these items establishing a high record. As applied to the common stock, earnings were equal to $17.56 per share or more than double the best results achieved in any previous year. While gross operating expenses were higher than in 1927, the actual operating ratio was sharply lower, amounting to 68% as compared with 73.8% in the latter year. Dividends, which were inaugurated last year at the rate of $5, were covered by a wider margin of safety than those of any other major railroad.

The company's lines extend westward from New Orleans to El Paso, Texas, for a total of 1,901 miles of main line and 168 miles of trackage rights. This territory is one which is susceptible of sustained growth and industrial expansion in which the Texas & Pacific will continue to participate. Freight tonnage is well diversified, over half of which is originated along the lines of the road. Including the recent issuance of $20 million general and refunding 5's, due 1979, the total bonded indebtedness amounts to $66,962,000 or the equivalent of about $35,225 per mile of main line track and constitutes slightly over 50% of total capitalization. All of the 5% preferred stock, of which $23,703,000 is outstanding, is owned by the Missouri Pacific, as is over 50% of $38,755,110 of common stock.

At recent levels around 175, the common stock is priced at only 10 times earnings, a ratio which seems unduly low considering the importance of the road, the excellent earnings and well defined outlook for continued progress. It is likely, however, that the low income return of 2.90% tends to retard the issue marketwise to some extent but earnings would surely justify a substantial increase in the present dividend rate in the relatively near future. *Definite action in the latter connection should promote higher quotations and aside from the low yield, the shares would seem to offer an attractive opportunity.*

# PREFERRED STOCK GUIDE

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

## Railroads

| | Div. Rate $ per Share | Earned $ per Share 1926 | Earned $ per Share 1927 | Earned $ per Share 1928 | Redeemable | Recent Price | Yield % |
|---|---|---|---|---|---|---|---|
| Union Pacific | 4 (N) | 41.17 | 39.35 | NR | No | 84 | 4.8 |
| Norfolk & Western | 4 (N) | 160.35 | 133.40 | 133.73 | No | 83 | 4.8 |
| Atchison, Top. & S. Fe | 5 (N) | 48.83 | 40.47 | 40.70-P | No | 103 | 4.9 |
| Baltimore & Ohio | 4 (N) | 48.41 | 38.44 | 49.60-P | No | 79 | 5.1 |
| Southern Railway | 5 (N) | 39.33 | 36.17 | 32.11 | 100 | 99 | 5.1 |
| Pere Marquette Prior | 5 (C) | 68.77 | 64.08 | 75.60 | 100 | 99 | 5.1 |
| Colorado & Southern 1st | 4 (N) | 52.56 | 57.76 | NR | No | 79 | 5.1 |
| Wabash "A" | 5 (N) | 11.86 | 6.87 | 9.24 | 110 | 96 | 5.2 |
| St. Louis Southwestern | 5 (N) | 12.00 | 9.30 | 8.84 | No | 92 | 5.4 |
| N. Y., Chicago & St. Louis | 6 (C) | 24.65 | 20.31 | 17.68 | 110 | 107 | 5.6 |
| Colorado & Southern 2nd | 4 (N) | 48.50 | 53.76 | NR | No | 70 | 5.7 |
| Kansas City Southern | 4 (N) | 10.86 | 9.04 | NR | No | 67 | 6.0 |
| N. Y., New Haven & Hart | 7 (C) | .... | 22.05 | 34.40 | 115 | 115 | 6.1 |
| **St. Louis, San Francisco | 6 (N) | 16.12 | 15.23 | 17.44 | 115 | 95 | 6.3 |
| *Missouri, Kans. & Tex | 7 (C) | .... | 13.06 | 16.34 | 110 | 106 | 6.6 |

## Public Utilities

| | Div. Rate $ per Share | Earned $ per Share 1926 | Earned $ per Share 1927 | Earned $ per Share 1928 | Redeemable | Recent Price | Yield % |
|---|---|---|---|---|---|---|---|
| Public Service of New Jersey | 8 (C) | §21.46 | §16.28 | NR | No | 149 | 5.4 |
| Philadelphia Co. | 3 (C) | 24.20 | 28.28 | NR | No | 53 | 5.7 |
| Columbia Gas & Electric | 6 (C) | 27.81 | 25.42 | 30.78-P | 110 | 106 | 5.7 |
| Federal Light & Traction | 6 (C) | 41.51 | 39.67 | NR | 110 | 100 | 6.0 |
| Amer. Water Works & El. | 6 (C) | 22.63 | 24.30 | 31.05 | 110 | 100 | 6.0 |
| Standard Gas & Electric | 4 (C) | 20.00 | 16.20 | NR | No | 65 | 6.2 |
| Hudson & Man. R. R. Conv. | 5 (N) | 40.32 | 40.70 | 37.02-P | No | 80 | 6.3 |
| Electric Power & Light | 7 (C) | 13.83 | 16.21 | 17.49-P | 110 | 108 | 6.5 |
| Continental Gas & Elec. Prior | 7 (C) | 26.28 | 32.71 | NR | 110 | 104 | 6.7 |
| *Postal Tel. & Cable | 7 (N) | .... | .... | NR | 110 | 105 | 6.7 |
| Amer. & Foreign Pow. 2nd | 7 (C) | 8.89 | 3.58 | NR | 105 | 99 | 7.1 |

## Industrials

| | Div. Rate $ per Share | Earned $ per Share 1926 | Earned $ per Share 1927 | Earned $ per Share 1928 | Redeemable | Recent Price | Yield % |
|---|---|---|---|---|---|---|---|
| Case (J. I.) Thresh. Mach. | 7 (C) | 29.39 | 38.43 | NR | No | 126 | 5.6 |
| Deere & Co. | 7 (C) | 23.22 | 25.74 | NR | No | 126 | 5.6 |
| American Cyanamid | 6 (C) | 29.53 | 24.24 | NR | 120 | 106 | 5.7 |
| *General Cigar | 7 (C) | 51.26 | 67.32 | 62.81 | No | 122 | 5.7 |
| Bethlehem Steel Corp. | 7 (C) | 20.84 | 16.32 | 19.16 | No | 120 | 5.8 |
| Mathieson Alkali Works | 7 (C) | 67.86 | 74.06 | 84.50 | No | 120 | 5.8 |
| Brown Shoe | 7 (C) | 29.69 | 44.12 | 35.27 | 120 | 117 | 6.0 |
| Associated Dry Goods 1st | 6 (C) | 27.67 | 24.10 | NR | No | 100 | 6.0 |
| Baldwin Locomotive | 7 (C) | 29.42 | 12.21 | 1.66 | 125 | 117 | 6.0 |
| *American Locomotive | 7 (C) | 20.88 | 16.60 | NR | No | 117 | 6.0 |
| *Crucible Steel | 7 (C) | 26.19 | 22.47 | 22.54 | No | 117 | 6.0 |
| International Silver | 7 (C) | 24.39 | 30.82 | NR | No | 115 | 6.1 |
| Bush Terminal Buildings | 7 (C) | ‡ | ‡ | NR | 120 | 115 | 6.1 |
| Goodrich (B. F.) Co. | 7 (C) | 13.96 | 39.19 | 10.36-P | 125 | 114 | 6.1 |
| Loew's, Inc. | 6½ (C) | .... | .... | 57.12 | 105 | 104 | 6.3 |
| U. S. Smelting, Ref. Mng. | 3.5 (C) | 6.25 | 6.28 | NR | No | 56 | 6.3 |
| *Bucyrus-Erie | 7 (C) | .... | .... | NR | 120 | 112 | 6.3 |
| Bush Terminal Debentures | 7 (C) | 16.81 | 18.88 | 13.40 | 115 | 110 | 6.4 |
| *Cities Service "BB" | 6 (C) | 21.13 | 25.92 | NR | 106 | 92 | 6.5 |
| *American Sugar | 7 (C) | 14.08 | 7.97 | NR | No | 108 | 6.5 |
| *Glidden Co. Prior | 7 (C) | 23.91 | 32.69 | NR | 105 | 106 | 6.6 |
| *Commerc. Investm. Trust 1st | 6½ (C) | 27.72 | 24.36 | 45.50 | 110 | 97 | 6.7 |
| *General Cable Co. | 7 (C) | 27.69 | 25.72 | NR | 110 | 105 | 6.7 |
| *Otis Steel Prior | 7 (C) | 16.36 | 11.80 | NR | 110 | 104 | 6.7 |
| Goodyear Tire & Rubber | 7 (C) | 11.83 | 18.80 | 18.90 | 110 | 103 | 6.8 |
| *Tidewater Assoc. Oil conv. | 6 (C) | 13.35 | 7.35 | 19.49 | 105 | 88 | 6.8 |
| *Consolidated Cigar Prior | 6½ (C) | .... | 26.45 | 32.74 | 105 | 93 | 7.0 |
| International Paper | 7 (C) | 11.31 | 7.42 | NR | 115 | 93 | 7.5 |

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock. NR—Not yet reported. P—Preliminary. * New recommendation.

# Preferred Stock Guide Revised

THIS issue marks the first anniversary of the Preferred Stock Guide in its present form and the many letters received from subscribers, attesting the value of this feature of our publication, have been very gratifying. This list of preferred stocks is constantly under the scrutiny of our staff but the sound judgment used in making the original recommendations has permitted the Guide to continue practically unchanged during the past year. At this time, however, numerous attractive opportunities are available among sound preferred stock issues which we desire to bring to the attention of those investors seeking this type of medium for income-producing purposes. Inasmuch as we desire to keep the list from becoming cumbersome, we have eliminated a number of the issues, which have appeared regularly, to make room for the new recommendations. The redemption of several issues, the close proximity of prevailing quotations to the call prices and the relatively less attractive yield rather than any fundamental change in investment character, influenced our choice of issues to be dropped. Investors who have made selections from the previous list and do not find them in the new one may obtain further information, if desired, by writing to our Personal Service Department.

The new recommendations are indicated by a star (*) and it will be noted that the majority of changes have taken place in the Industrial group, largely because that field affords the more attractive opportunities, at this time. All of the various issues which have been added are presently obtainable on an attractive yield basis, but this feature has not been subordinated to security, earnings in all cases being ample to provide an adequate margin for preferred dividends. Marketability has been carefully considered and in most instances quotations are sufficiently removed from call prices to permit of future price appreciation.

Preferred stocks, lacking convertible or participating features and having a limited dividend rate, do not afford the same degree of speculative attraction as is found in the junior but more volatile common shares. In fact, fluctuations in the market prices of the more seasoned class of preferred stocks, as in the case of sound bond issues, are confined to a limit prescribed by the trend in interest rates. The firmer tone shown by interest rates during the recent past has effected an adjustment toward lower levels in the average quotations of preferred stocks. The continuation of high money rates, while tending to retard any pronounced upward movement in preferred stocks, will, however, make it possible to obtain an investment of reasonable security and attractive income return.

TRADE TENDENCIES

# BUSINESS *in* STRONG POSITION

**Sustained Purchasing Power and Large Consumption Justify Large Output—More Industries on Favorable Basis — Commodity Prices Firm**

## STEEL

*February a Record Month*

ACTUAL operating results for the month of February in steel and iron lines exceeded even the most sanguine estimates for the period. Average steel production per day attained the highest point recorded in the history of the industry, at 180,198 tons. On this basis, the calculated rate of activity stood at 95.59% of theoretical capacity, as compared with 88.20% in January of this year, and with 85.84% in February of 1928. Inasmuch as the peak months of the year are normally March and April, it is thought in most quarters that output can hardly be expected to fall off from the high point arrived at last month.

Prices of finished steel are generally firm, although some of the recently announced advances will have to undergo the test of actual orders. However, with strength in both operating activity and in price levels, profits for steel

(*Please turn to page* 962)

### COMMODITIES*

(See footnote for Grades and Units of Measure)

| | 1929 High | 1929 Low | 1929 Last |
|---|---|---|---|
| Steel (1) | $34.00 | $33.00 | $34.00 |
| Pig Iron (2) | 17.50 | 17.50 | 17.50 |
| Copper (3) | 0.19½ | 0.16¾ | 0.19½ |
| Petroleum (4) | 1.36 | 1.20 | 1.20 |
| Coal (5) | 1.70 | 1.65 | 1.65 |
| Cotton (6) | 0.21½ | 0.20⅛ | 0.21½ |
| Wheat (7) | 1.65⅜ | 1.53¾ | 1.57 |
| Corn (8) | 1.17¼ | 1.04⅞ | 1.14⅞ |
| Hogs (9) | 0.11 | 0.08⅞ | 0.11 |
| Steers (10) | 17.00 | 15.00 | 15.50 |
| Coffee (11) | 0.18½ | 0.18 | 0.18 |
| Rubber (12) | 0.26⅛ | 0.18⅝ | 0.26⅛ |
| Wool (13) | 0.45 | 0.44 | 0.44 |
| Tobacco (14) | 0.14 | 0.14 | 0.14 |
| Sugar (15) | 0.03⅞ | 0.03¾ | 0.03¾ |
| Sugar (16) | 0.05⅛ | 0.04⅞ | 0.04⅞ |
| Paper (17) | 0.03¼ | 0.03¼ | 0.03¼ |
| Lumber (18) | 25.06 | 24.31 | 25.06 |

* March 11, 1929.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

## THE TREND IN MAJOR INDUSTRIES

STEEL—February activity averaged 95.59%, a record for steel production, and current activity displays no retardation. Building steel is in better demand, as are plates. Prices are comparatively firm at levels which assure good profits. Iron buying and the iron situation in general is stronger.

METALS—Activity has renewed in copper. Price rose to 20 cents on report of decreased stocks, and a further upward move is not unlikely. Situation is strong. Lead and zinc are also very steady, with good statistical position and prices straining upward. Profit possibilities for non-ferrous producers are excellent.

PETROLEUM—Stocks of refined and crude oils are higher. The curtailment in Oklahoma fields serves to reduce output from that section, but a gain in other sectors results in little or no change in the aggregate. Profits can hardly be satisfactory for the greater number of companies.

PUBLIC UTILITIES—January gross and net of public utilities attained an all time record. Gross, at 203 million dollars, showed an increase of 6.5 millions over January 1928. Electrical output for the month also reach a peak. Earnings, in line with continued business activity, should appreciate.

ELECTRICAL EQUIPMENT—Manufacturers are working at capacity. Export sales are strong, while the demands of rail electrification and shipbuilding add to the constant sales increment resulting from modernization of homes throughout the country. Expectations favor strong earnings for this business.

RAILROADS—Car loadings maintain their advance over the figures for the same periods last year. Approximations of February returns place net some 30% above February of 1928, and gross revenues about 5 per cent above last year's. Release of decisions by the Supreme Court are looked for to renew interest in rail securities.

AVIATION—The incorporation of several huge investment trusts for financing aviation projects is proof of the basic soundness of this rapidly growing industry. Nevertheless, the presence of very real competition and a general lack of seasoning make necessary a careful scrutiny of individual companies. Some will produce very gratifying earnings.

SUMMARY—Consumption and manufacture obtain at highly satisfactory levels, despite the small uncertainties resulting from unseasonable weather and floods in a few sections of the country. Confidence has been expressed in the outlook for spring trade, which is already active in some lines.

# Building Your Future Income Department

*The Building Your Future Income is the contribution of The Magazine of Wall Street to the financial education of the Nation's present and future investors. The articles appearing in this section are widely used by students in the classroom, in the financial training of the younger business executives and in the investment "upbringing" of young people in the home. These pages, in addition, offer a unique medium for the interchange of ideas and experiences of readers, building up over a period of time a veritable fund of practical knowledge that would otherwise be lost to the younger generation of investors.*

## Are You Putting Aside Your Share of Prosperity?

ONE of the prominent features of our prosperity at present is the fact that capital is turning over rapidly in line with the extensive business activity that keeps us all "prosperous." In the figures of production that issue from various dependable sources, there is no doubt that the prosperity of the country is *real* notwithstanding the existence of some unfavorable spots on the business picture. In the production of a tremendous volume of goods *we are creating wealth for the nation* that is certainly not imaginary.

But how about the individual? Are you getting your share of this prosperity, and if so, are you putting a reasonable portion aside for savings and safe investment? Extensive production of goods brings with it the problem of turning the wealth produced into profits and these profits in turn into capital assets. We are selling a goodly portion of our goods abroad but the main support of prosperity is the existence of virtually insatiable markets for goods of all kinds within our own borders.

Mass production and the resultant low prices stimulate this buying. Good wages and a fast rate of capital turn-over further supports the consumption of goods. We are supporting luxury markets, buying goods that bear the label of "non-essentials"; and spend liberally for pleasure, entertainments and charities. New records are being established for the purchase of stocks, radios, homes, automobiles and now even of airplanes. Thus we hold ourselves up by our bootstraps as it were and support a measure of national prosperity that represents a marked contrast with the other nations of the earth.

This elementary treatise on modern day economics is presented here to emphasize one point for the readers of this page, namely the difference between being rich in goods and being rich in money or its equivalent. Are you content to remain rich in goods while this prosperity lasts or are you putting aside a share of this national wealth in the form of regular savings and good sound investment assets?

**Intelligent Use of Present Income Will Assure Financial Independence**

# Weighed in the Balance!

## Savings Bank Deposits vs. Building & Loan Shares

***The First of a Series of Articles That Discuss Various Savings Mediums in Comparative Terms***

**By STEPHEN VALIANT**

THE small investor has the selection of four or five different mediums in which to safely place his savings, namely, savings bank deposits, building and loan shares, insurance, investment securities and a fifth possible medium in a home investment. As each one of these mediums has certain advantages which as a whole are not applicable to the others, it is not surprising that the BYFI Department is asked, continually by readers to arbitrate the matter of which one is "the best investment." We are constantly receiving letters which inquire "are building and loan shares better than savings banks," or whether "insurance is a safer medium into which to place funds than a saving bank deposit," and other queries which seek an arbitrary opinion of one medium over the other.

To most of these questions we are compelled to answer "it all depends on what you seek in your investment" and then list the peculiar attributes of the particular forms of investment under consideration by the investor. These questions are by no means limited exclusively to small investors. For example, a few days ago brought a letter from a reader with a fund of about $100,000 now lying on deposit in banks and earning an average of 4%. Having learned that certain building and loan associations allow a higher rate of interest on certain classes of deposits withdrawable on demand, he writes to ask us if "we know any reason" why he should not change from the banks to the building and loan deposits.

To answer these questions we will present in this and forthcoming issues, a series of articles describing the various forms of investment for savings purposes; outlining in comparative terms, the various features of each medium. This, the first article of the series, discusses the relative advantages of building and loan shares and savings bank deposits.

In view of the fact that the laws which govern their operations are not uniform in all states, the savings banks differ in some minor aspects. In discussing the savings banks, therefore, we must consider the *general characteristics of these institutions.* For the type, we will consider the savings banks in New York State which operate under laws that are well regarded throughout the country. Most savings banks are mutual associations, whose earnings are distributed to depositors or placed in reserves in order to protect deposits and make it possible for the directors to pay out a level rate of interest. At the present time 4½% is a fairly good average rate of interest to be paid on savings deposits.

The value of a deposit never changes as long as the bank is in good condition and able to meet its obligations. If $100 is deposited, the same amount of dollars may be withdrawn. Theoretically, certain notice must be given to the bank in advance of the withdrawal, but as the banks make it a practice to disregard this formality, it might be said that savings bank deposits are withdrawable on demand. The thirty-day notice feature of the law, strengthens the safety of a savings bank deposit because it eliminates the possibility that all depositors will demand their funds at the same time and prevent, in times of stress, the forced liquidation of the banks assets.

In general it may be said that the directors of savings banks are required by law and in actual practice do invest the funds of the depositors with notable conservativism. A large percentage of these funds are placed in conservative first mortgages selected wisely by the officers of the bank in charge of this end of the business. Security investments are restricted to government, municipal and state bonds and railroad first mortgages while, recently certain public utility bonds were made "legal" in New York State. Other states, particularly in the West have more liberal restrictions on investments. Consequently, the savings banks operating in these states can earn and do pay a higher rate of interest on deposits but naturally the assets of these banks are not as

(*Please turn to page* 982)

# A Budget Plan That Has Proved Its Practicability

By "HOUSEWIFE"

WE are living, and always have, on a salary. It has been raised systematically and periodically, and the budget as here presented is based on our full salary, which is just under seven thousand dollars per annum, or five hundred and eighty-two dollars per month, to be exact. The budget is based on ten years of housekeeping by the budget system. The same general outline has been kept throughout our several changes of living conditions, and we have found it to be very practical and workable. The items in this budget are given in actual cash figures, not only in order to be of more practical example to the reader, but because we have never been able to work on percentages. To say that one's food and provision bill, for instance, should amount to so much percentage of one's income is not practical, because too much depends upon local living conditions and the individual family. Through records kept during these ten years, we have a very fair idea of how much food we average per month, how often winter coats have to be purchased, how much ice is necessary to fill our ice-box the year 'round, and so forth. We have, therefore, found *averages* much better than *percentages*. A complete explanation of each item in our budget follows with supplementary remarks reserved for the latter part of the article.

***Food—$95*** This allows for 2½ quarts of grade A milk daily at 18½ cents per quart delivered; plenty of fruit and fresh vegetables; soft drinks in summer; one dinner party of eight or ten persons each month, with occasional informal guests for tea or "family" luncheon and dinner. Cream for whipping for desserts or other special purposes, and extra milk, merely comes out of the other part of the food and provision fund. We like to spend liberally on our food.

| Item | Food $90. | | Contingent | | Wife $40. | | | | Child $25. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Milk | Other | House | Misc. | Clothes | Carfare | Misc. | Clothes | Music & Dancing | Mis |
| Monthly Allowance | $15. | $80. | $23. | | | $40. | | | $10. | |
| Bal. Bro't. For'd | | | | | | | | | | |
| Total available | | | | | | | | | | |
| 1 | | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 28 | | | | | | | | | | |
| 29 | | | | | | | | | | |
| 30 | | | | | | | | | | |
| 31 | | | | | | | | | | |

Monthly Income $ 582.00
Brought For'd. ________

$ . Available this month
________ Expended this month

Balance $

**Intelligent Use of Present Income Will Assure Financial Independence**

*Contingent—* *$23* As there is no fixed amount to be spent on the house alone, the sub-division "House" is merely for the sake of keeping a record of how much we actually do spend on furniture, house-furnishings, etc. "Miscellaneous" in this case covers a great many articles, soap, brass polish, flowers, candles, incidental supplies, medicines and all the little things that are needed in any household.

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*Wife—* *$40* The wife keeps a detailed expense account, which the husband does not. "Clothing" and "Carefare" (which includes that of the child also, as it needs none for school, and any other would be too small to be noted under a separate heading) are obvious. "Miscellaneous" covers everything else she spends, including magazines, gifts, church, and so forth.

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*Child—* *$25* There is a fixed amount for music and dancing. Twenty-five cents a week is allowed for spending money. Most of the balance of this fund goes for clothing, although books, toys and other expenditures incidental to the child, are included.

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*Husband—* *$40* All personal expenses, including Christmas and birthday gifts, magazines, church. No office transportation is necessary, and lunch is taken at home. Enough has to be saved from this item for the necessary new clothing during the year.

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*Amusements—* *$34* Amusements, taxis, traveling expenses. If the "Contingent" and personal funds are low, wedding-gifts and Red Cross and church contributions are taken from this fund.

---

*Telephone—* *$6* Monthly rate of $4.50 for 75 calls. The additional amount is for extra calls and for out-of-town calls.

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*Ice—* *$5* The rate paid for ice is sixty cents per hundredweight. Large ice-box.

---

*Laundry—* *$7* Flat laundry and husband's shirts only. The clothing and table linen is done by the maid.

---

*Labor—* *$65* One general maid at fifteen dollars per week.

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*Rent, Heat and Light—* *$120* Rented house; gas cooking. Others might apply the rent on payment or repairs for their own homes.

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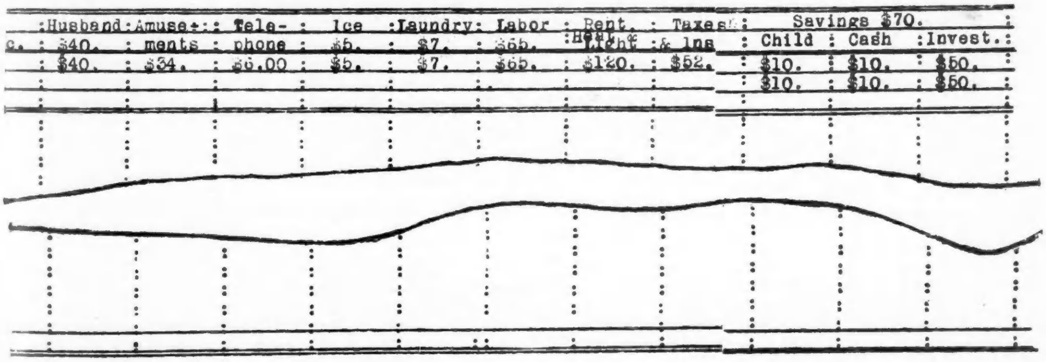
*Taxes and Insurance—* *$52* Life, Fire and Theft insurance, Income Tax. This amount is deposited monthly to an account in a separate bank, and is not used for any other purpose than to pay for taxes and insurance, and is large enough to allow a margin of fifty dollars per year to cover payments during unforeseen emergencies when one might be unable to make a monthly deposit, or for new life insurance. This does not include taxes on real estate, we having none, but is for Life, Fire and Theft insurance and Income Tax only. The margin is allowed to accumulate until it reaches several hundred dollars, when all but one hundred dollars over and above the total amount due for the whole year is withdrawn for investment. As one life insurance policy is paid up, it is surrendered for cash, which in turn is invested and the interest therefrom is applied on new life insurance.

---

*Savings—* *$70* The three accounts under this heading may, or may not, be in separate banks. Ten dollars is deposited to an account in the child's name, to be used for school or college; ten dollars goes into a savings-account, and the fifty dollars into the checking-account, for use in investing when it has accumulated sufficiently. Interests on savings and investments have never been touched except for re-investment. The child has its own savings-account in a bank other than the one in which its school fund is kept, in which it deposits birthday money, rewards and the family saving of pennies, which last item amounts to one dollar or one dollar and a half per month. The child makes these deposits itself, and the fund is for its own personal use after the age of eighteen. The first

(*Please turn to page* 968)



| | Husband | Amusements | Telephone | Ice | Laundry | Labor | Rent. Heat & Light | Taxes & Ins | Savings $70. Child | Cash | Invest. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| c. | $40. | | | $5. | $7. | $65. | | | | | |
| | $40. | $34. | $6.00 | $5. | $7. | $65. | $120. | $52. | $10. | $10. | $50. |
| | | | | | | | | | $10. | $10. | $50. |

**Intelligent Use of Present Income Will Assure Financial Independence**

# A Well Balanced Plan That Makes Use of Five Different Thrift Mediums

### *This Program Adheres Closely to BYFI Precepts*

By C. RAY GATES

AN investment program rarely springs full grown from the head of Jove. It develops by degrees. One frequently stumbles into such a program, however, and is compelled by the logic of events to revise it and place it in common sense form. This happened in the case I shall describe.

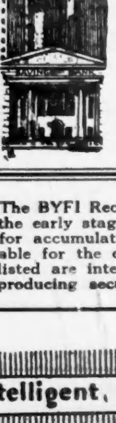
I was twenty-seven years old before my wife and I began to save money with regularity and persistence. Prior to that time numerous attempts to save had been made; but after a few hundred dollars had been accumulated some real or imaginary need would arise, our savings would be used, and our account would return to the zero mark once more.

It was at this time that we reached the decision to go into debt for some worth-while objective as a means of saving. We had always paid our bills promptly and this fact led us to believe we would be equally prompt in paying any debt we might assume.

Our first idea was to purchase a home of our own. This was a worth-while objective and one we could manage. I approached our neighbor, who owned the house in which we lived, and he finally made us an offer to sell the place for $2,000, of which $500 was to be paid in cash, and the balance at the rate of $500 a year. Our savings then amounted to about $350 and we found that by using all of our next salary check we could make the cash payment. So we made the purchase. In due time the home was ours.

Soon after this, a promotion made it necessary for us to move to another town. We sold our home for $2,500 cash and invested

## BYFI RECOMMENDS—



### For Savings

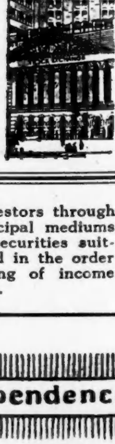
1. **SAVING BANKS.** A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable medium.

2. **BULDING AND LOAN** shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

3. **ENDOWMENT INURANCE** is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

### For Investments

| Security | Recent Price | Yield % |
|---|---|---|
| 1. Illinois Central 40-Year 4¾s, 1966 | 98 | 4.9 |
| 2. Public Service Elec. & Gas 1st & Ref. 5s, 1965 | 101 | 4.9 |
| 3. Standard Oil of N. Y. deb. 4½s, 1951 | 96 | 4.8 |
| 4. Western Pacific 1st 5s, 1946 | 98 | 5.2 |
| 5. Youngstown Sheet & Tube 1st S.F. "A" 5s, 1978 | 100 | 5.0 |
| 6. New York Steam 1st "A" 6s, 1947 | 105 | 5.6 |
| 7. Chesapeake Corp. Conv. Coll. 5s, 1947 | 99 | 5.1 |
| 8. Associated Dry Goods 1st 6% Pfd. | 100 | 6.0 |
| 9. Hudson & Manhattan Conv. 5% Pfd. | 80 | 6.3 |
| 10. Southern Pacific Common $6 | 129 | 4.7 |



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

Intelligent Use of Present Income Will Assure Financial Independence

this money in paid-up building and loan stock at 6%. I wish I could tell you that we systematically reinvested the interest each quarter as it was paid, but we did not. We learned by experience that this is what we should have done.

Not much progress was made during the next few years as the war came on. Our salary depreciated but we bought Liberty bonds with what we were able to save out of it. Another promotion came and with it a good increase in salary.

*Avoiding Worthless Stocks*

At this time the country was being flooded with worthless stocks. We refrained from buying any of these, but we did buy 240 acres of wheat land just before the bottom went out of things. Six months later we realized this purchase had been a mistake, but there was nothing left to do but to go ahead and pay off the mortgage. Fortunately we were able to do this, though it required a real effort at times.

Again we had used the principle of going into debt as a means of compelling us to save. We now began to discover that it was an expensive way to save. In due time the land was paid for in full. We then "broke," fenced and rented it. In spite of low prices and the lack of "farm relief" legislation, our share of the crop last year was $837.75

*Enumerating the Aims*

Six years ago we moved to our present location. Several salary increases followed. We began to see the need for a definite investment program, and eventually worked out the program listed hereafter. We first asked ourselves what basic goals we desired to reach. Our analysis, as it stands today, sets up five of them as shown below:

1. Provision of a suitable income for our old age, if we live that long.
2. Provision of a life income for my wife and funds for the care and education of our two children to an age of self-support, in the event of my early death.

(*Please turn to page* 980)

# *Buying Life Insurance In a Lump Sum*

## *Inquiries from Readers Answered*

By FLORENCE PROVOST CLARENDON

*Insurance Editor:*

*Have the Insurance Companies any arrangement by which a man could pay, say, $500.00 and secure a paid up policy for $1,000.00?*

*What I have in mind is that I could pay a lump sum now to secure a policy—whereas, by extending it over a number of years in installments it might work a hardship later. Would there be any advantage attaching to such an arrangement from the policyholder's standpoint? In other words, would he secure a better rate by paying a lump sum than by paying on the installment plan?*

*I am 47 years of age and have some straight life insurance and considerable Group Insurance.*

*Yours very truly,*
*J. B. C.*

I have your letter inquiring about life insurance by single premium. This is a popular form of insurance in some European countries, and it has some decided advantages.

Perhaps the most important advantage is the immediate and substantial loan value of the insurance which runs to about 95% of the premium paid. This loan value is available at any time for investment or other purposes. The interest on the loan forms a deduction from income for Federal Income Tax Purposes—a feature which is very much appreciated, especially in view of the fact that the ordinary premiums for life insurance are not allowed in this country as a deduction.

Then again, the investment of money in this form immediately doubles your bequeathable estate, and puts that estate in a form which is not subject to inheritance tax when payable to a named beneficiary.

Of course you realize that when a policy is payable to a named beneficiary, without right of revocation, although the insured cannot deal with the policy as freely as if it were in his own name, nevertheless the insured and the beneficiary jointly can deal with the policy in the same way as if it were payable to the insured's estate.

After all these remarks, you are probably desirous to know the premium rates. At your age of 47 a premium of about $475 will secure a policy of $1,000 payable at death. If you should want the insurance payable at an earlier age, as, for example, age 67 (that is, after 20 years) the single premium would be about $575. When an Endowment matures in this way the proceeds may be left with the company at interest. 3½% interest will be guaranteed, and further interest will be allotted, dependent upon the earnings of the company at the time. These premiums are on a non-participating basis. The premiums for participating single premium insurance vary greatly. Some of them do not differ much from the above non-participating rates; others charge quite high premiums and allow correspondingly high dividends. For example, one rate I have before me on a participating basis is $586.65 for Ordinary Life insurance at age 47.

This single premium life policy forms an excellent and conservative investment, while it is at the same time one which is unusually flexible, and keeps liquid funds available at a day or two's notice. There is indeed no form of security so completely liquid as paid-up life insurance.

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### What Are Your Suggestions?

*Insurance Editor:*

*As a subscriber to the* MAGAZINE OF WALL STREET, *I would like your opinion and advice on the insurance I now have, and what you think I should carry.*

*I am nearing my thirty-third birthday. My wife is thirty and we have no children. I am making a little better than $3,000 a year and figure that will increase at least ten percent a year. I am carrying the full $10,000 on the government insurance—$4,000 in 20 pay life, and $6,000 in ordinary life. I have $1,000—18 pay life that will be paid up in about four years. My Company carries $1,200 ordinary life for me. I*

(*Please turn to page* 982)

Intelligent Use of Present Income Will Assure Financial Independence

·SERVICE·SECTION·

# ANSWERS TO INQUIRIES

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1 ***Be Brief.***
2 ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3 ***Special rates upon request to those requiring additional service.***
4 ***Write name and address plainly.***

### CUYAMEL FRUIT

*What is your advice regarding the disposition of 50 shares of Cuyamel Fruit purchased last year, on which I have a fair profit? I am willing to forego income return if higher prices may be looked for within a reasonable period. What are the prospects for the early resumption of dividends?—J. S. D., Toledo, Ohio.*

Cuyamel Fruit ranks second to United Fruit as the largest tropical fruit enterprise, being engaged principally in cultivating, transporting and marketing of bananas, with plantations in Central America. In addition, it raises sugar cane, and operates a mill in Honduras. Earnings have been irregular over a period of years, with the main trend upward, although a 16% decline was registered last year, when net income was equal to $5.23 a share against $6.23 a share in 1927, the recession being due wholly to a sizeable loss in the sugar division and extraordinary expenditures for exploration, development and research purposes. By virtue of a strong financial position and on the basis of current earnings a moderate dividend could be comfortably supported. However, while we are optimistic regarding the company's long term future, on the basis of developed earning power to date and visible prospects the shares seem to be selling in line with their actual worth, and are lacking in definite attraction at this time.

### GLIDDEN

*Following your advice I purchased Glidden last year around 22. Now that the stock has resumed paying dividends and rights are about to be offered to stockholders, I am wondering if the nearby possibilities are exhausted and, therefore, I should take my $2,000 profit. Will you please let me know whether I should hold on and, if so, whether I should exercise my right to buy additional stock at 35.—H. D. K., Seattle, Washington.*

The activities of the Glidden Co. have undergone several important changes during recent years and the resultant benefits are commencing to find tangible recognition in income accounts. Formerly, the company depended largely upon the automobile industry to furnish the demand for the bulk of its paint and varnish output and while automobile manufacturers are still extremely important customers, 40% of Glidden products are now sold in its own chain of retail stores. A line of food products is being developed and the complete list of the various chemicals produced is becoming increasingly large. Capitalization is simple, consisting of 69,198 shares of 7% prior preference stock, par $100, and after giving effect to the proposed sale of additional stock, 600,000 shares of common stock without par value. There were no bank loans at last reports and the entire funded debt was retired in 1928. At the close of the 1928 fiscal year which ended October 31st, financial position was well fortified with liquid assets, and net working capital exceeded $8 million. Sales for that period were $2 million greater than for the preceding fiscal year and net earnings were equivalent to $3.38 per share on the 500,000 shares of common stock then outstanding, comparing with $2.83 a share on 400,000 shares earned in the 1927 year. Profits underwent further expansion in the three months ended with January 31, 1929, amounting to 51 cents per share, and this upward trend, in the light of the bright outlook, should be sustained satisfactorily throughout the year. All things considered, present quotations for the stock are not excessive and we would be quite willing to endorse continued retention, as well the exercise of the privilege to purchase additional stock if such action would not result in disturbing the factor of diversification by placing too large a portion of your funds in a single medium.

### COMMERCIAL CREDIT

*Early this year I paid $61 a share for a block of Commercial Credit common in anticipation of record earnings due to its contract with the Chrysler Corp. I am worried, however, by the paper loss of over $1,000, which I now have. Shall I retain my position?—D. F. L., Shreveport, La.*

The shares of the Commercial Credit Co. common stock must be considered as a speculative vehicle of the somewhat more radical type, but in their class appear to possess a measure of attraction. The company, as you doubtless know, engages in the financing of retail and wholesale purchases

(*Please turn to page* 976)

***When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect***

## DELAWARE & HUDSON

(*Continued from page* 931)

from this source could result in an annual saving of $1,850,000 or the equivalent of $3.60 per share. It is apparent, therefore, that sufficient economies in maintenance expenditures if attained, would add almost $5.00 per share additional annually for the common stock.

*Increasing Net Income*

Net railway operating income increased from $6,450,026 to $6,589,781 between 1923-1927. In 1928, the latter amounted to $7,583,019. This increase occurred in the face of a rise in taxes which amounted to $352,800, as well as a reduction exceeding $7,000,000 in total revenues from transportation. The showing was largely due to increased operating efficiency which is reflected in the accompanying table and affords a satisfactory explanation of why transportation expenses decreased 22.3% as against a decrease of but 8.3% in revenue ton mileage.

Attention is drawn to a reduction of $1,911,436 in maintenance of equipment expenditures in 1928 as compared with 1927. Such improvements to motive power as superheaters, automatic fire doors, longer tenders and other mechanical contrivances should permit longer runs, especially because of the elimination of many stops for water. The foregoing should not only find reflection in lower transportation costs but reduced maintenance of equipment expenditures as well. The actual mileage per locomotive will increase, owing to fewer units required but repairs per locomotive mile should be reduced. Obsolete car repair facilities at Binghamton, N. Y., have been replaced by modern shops with new machinery. As a result of many improvements to freight cars, a further reduction in repairs per freight car mile may also be witnessed ultimately.

Non-operating income, mainly dividends received from railroads and coal investments fluctuate considerably as is reflected in the accompanying table. As already mentioned hitherto, conditions in the anthracite industry are largely responsible for this condition, as is apparent on observing the production of coal by the company's subsidiaries and dividend income received:

| Year | Coal Production | Dividend Income Received |
|---|---|---|
| 1928...... | ........ | $3,762,999* |
| 1927...... | 6,481,408 | 2,711,905 |
| 1926...... | 8,547,147 | 5,860,124 |
| 1925...... | 6,406,093 | 5,412,599 |
| 1924...... | 9,254,240 | 5,862,628 |
| 1923...... | 8,188,869 | 3,795,101 |

* Preliminary.

Net income from the foregoing sources, notwithstanding the lack of any definite trend, are inconclusive of

the true earning power of the parent concern's affiliated companies, since not all of the latter's earnings are always paid out in dividends. Some increase in 1928 is reflected as compared with 1927, as a result of improved conditions in the anthracite industry. Interest charges and rentals were $5,041,737 in 1928 as compared with $5,553,427 in 1923. In 1926, the foregoing amounted to $7,757,495. The decrease in fixed charges is largely due to the conversion of $14,451,000 5% bonds into common stock. Notwithstanding the reduction in total revenues and the fluctuations in non-operating income, net income rose from $4,711,699 in 1923 to $6,384,228 in 1928. During 1923-1927, net income totaled $26,351,531 and of this amount $19,134,504 was paid out in dividends. The balance, amounting to $7,217,027 was reinvested in the property.

Investment in road and equipment increased from 74.35 million dollars in 1923 to 76.67 millions at the close of 1927, a gain of 2.32 million dollars, while improvements to leased properties increased $2,198,186 during the same period. As of December 31, 1922, coal lands and real estate were carried at $7,084,441. On June 1st, 1927, the company's coal bearing lands and those of its subsidiary, Northern Coal & Iron Company, were sold to the Hudson Coal Company, of which the Delaware & Hudson owns the entire capital stock. The consideration was $35,000,000 of First Mortgage bonds of the Hudson Coal Company. These bonds were sold in the open market and the proceeds invested in the stocks of the Lehigh Valley and the Wabash Railroads. When the Loree plan for a fifth trunk line system was abandoned, the investments in the two foregoing carriers were sold to the Pennsylvania Railroad, for which 63 million was realized.

Investments in affiliated companies largely comprised holdings of the United Traction Company, Hudson Valley Railway Company and the Capitol District Transportation Company. As of December 31, 1922, these investments together with others in the affiliated companies, were carried at 53.35 million dollars. At the close of 1927, they were written down to 36.33 millions, the loss being deducted from the company's surplus account. Recently, the traction investments were disposed of for $1,250,000, but approximately $7,000,000 in debts were assumed by the purchaser of these properties.

Other investments increased from $4,918,247 to $40,233,703. Undoubtedly, this large increase was due to the inclusion of the Wabash and Lehigh Valley holdings. The latter having been disposed of in the early part of 1928, a substantial increase in investments and/or cash will no doubt be noted, due to the large profit realized. Although current assets at the close of 1927 were exceeded by current liabilities, these items amounted to $12,503,529 and $13,595,256 respectively. The excess of current liabilities over current assets need not necessarily be construed as weakness, for

the Delaware & Hudson has many free assets of liquid character in its treasury. Moreover, with the large amount of cash derived from the sale of its stock holdings, the company is now in an impregnable financial position. Based on the $63,000,000 received for the sale of the various stocks, the foregoing amount is equivalent to $122.00 per share on the outstanding common stock.

Capitalization consists of $51,575,900 of common stock and $61,967,857 bonds. The latter comprised 54.4% of the capitalization and compares with 62.3% at the beginning of 1923. This improvement was due to the conversion of $14,451,000 5% bonds into common stock at 150. There was also a reduction of $1,328,800 in equipment trust obligations, but the Gold 4% bonds increased $6,796,000. The company also guarantees the principal and interest on $14,586,000 bonds of which the largest issue is $10,000,000 of Albany Susquehanna 3½s of 1946. Funded debt, including assumed obligations, less $844,650 of convertibles and $2,123,200 of equipment obligations totaled $75,586,000. The latter was outstanding at the rate of $83,500 per mile of road and although the amount appears excessive, it is hardly so in relation to revenues per mile of road.

Dividends totaling 794% have been paid on the common stock since the inception of the company to the end of 1928. Payments have been made without interruption since 1881; the present rate of $9.00 per share annually has been in effect since 1907. Earnings on the common stock since 1923 have been as follows:

| Year | Earnings Per Share Common Stock |
|---|---|
| 1923 | $11.08 |
| 1924 | 13.69 |
| 1925 | 11.54 |
| 1926 | 18.28 |
| 1927 | 5.89 |
| 1928 | 12.37* |

*** Preliminary figures.**

Notwithstanding the fact that revenues in recent years have declined seven million dollars, the situation is not without some promising aspects. To begin with, 408 new industries located along the lines of the company during 1923-1927, and the greatest number of new plants 101, was reported in 1927. Inasmuch as the business derived from these sources is more stable, better diversified and commands better rates, it is quite conceivable that the decline in gross revenues will not continue much further.

Aside from this consideration, the real element of value underlying the common stock is the large free asset. Deducting the equivalent of $122.00 per share from the present market quotation of 200 for the common stock, leaves a value of approximately $78.00.

Earnings from transportation alone in 1928 were in all probability in excess of $5.00 per share, a low figure

*(Please turn to page 952)*

(*Continued from page* 950)

due to reduced anthracite shipments. The improvement now reflected by the industry should result in higher earnings per share due not only to increased gross, but also because of the possibility of dividends from the Hudson Coal Company, whose common stock is still owned by the Delaware & Hudson Company.

When anthacite mining conditions are satisfactory, the equivalent of almost $3.00 per share is available from this source. Moreover, the economies derived from lower maintenance expenditures could also augment the earning power considerably. The extent to which this has been realized thus far cannot be determined, owing to the lack of detailed figures, which would be available in the company's annual report for 1928.

It is quite conceivable therefore, that a substantial increase in earnings could be reflected from railroad operations eventually, in which event the stock, ex the treasury assets, appears undervalued.

## Important Corporation Meetings

| Company | Specification | Date of Meeting |
|---|---|---|
| Independent Oil & Gas | Com. Div. | 3-23 |
| Transcontinental Oil | Annual | 3-23 |
| Atlantic Refining | Directors | 3-25 |
| Canada Dry Ginger Ale, Inc. | Annual | 3-25 |
| Goodyear Tire & Rubber | Annual | 3-25 |
| Gulf States Steel | Annual | 3-25 |
| Hershey Chocolate Corp. | Annual | 3-25 |
| Holly Sugar Corp | Dividend | 3-25 |
| Motor Products Corp | Special | 3-25 |
| Pittsburgh Steel | Directors | 3-25 |
| Texas & Pacific Ry | Directors | 3-25 |
| Union Oil of Calif | Directors | 3-25 |
| American Ice | Pfd. & Com. Divs. | 3-26 |
| American Ice | Annual | 3-26 |
| American Tel. & Tel. | Annual & Directors | 3-26 |
| American Woolen | Annual | 3-26 |
| Atlas Powder | Annual & Directors | 3-26 |
| Brockway Motor Truck Corp. | Exec. Com. | 3-26 |
| Chicago Pneumatic Tool | Annual | 3-26 |
| Colorado Fuel & Iron | Directors | 3-26 |
| Congoleum-Nairn, Inc. | Directors | 3-26 |
| Continental Motors Corp | Dividend | 3-26 |
| Corn Prod. Refining | Annual | 3-26 |
| Elec. Auto Lite | Annual | 3-26 |
| Gabriel Snubber Mfg | Directors | 3-26 |
| Grand Union Co | Directors | 3-26 |
| Hershey Chocolate Corp | Dividend | 3-26 |
| Honolulu Consol. Oil | Directors | 3-26 |
| Illinois Brick | Directors | 3-26 |
| Illinois Central R. R | Directors | 3-26 |
| Inter. Business Mach. Corp | Directors | 3-26 |
| Manhattan Elec. Supply | Annual | 3-26 |
| Mathieson Alkali Works | Annual | 3-26 |
| National Gypsum | Directors | 3-26 |
| National Radiator Corp | Annual | 3-26 |
| N. Y., N. H. & Hartford R. R. | Directors | 3-26 |
| Norfolk & Western R. R. | Pfd. Dividend | 3-26 |
| Public Service Corp. of N. J. | Directors | 3-26 |
| Public Service Gas & Elec. Corp. | Directors | 3-26 |
| Texas Corp. | Annual | 3-26 |
| U. S. Steel Corp | Directors | 3-26 |
| Wheeling Steel Corp | Annual | 3-26 |
| Worthington Pump & Mach | Annual | 3-26 |
| Wrigley (Wm.) Jr. | Annual & Dividend | 3-26 |
| Air Reduction | Directors | 3-27 |
| Baltimore & Ohio R. R | Dividend | 3-27 |
| Childs Company | Directors | 3-27 |
| Eaton Axle & Spring | Dividend | 3-27 |
| Fisk Rubber | Annual | 3-27 |
| Illinois Bell Telephone | Directors | 3-27 |
| Inter. Cement Corp | Directors | 3-27 |
| International Silver | Directors | 3-27 |
| Lima Loco. Works | Directors | 3-27 |
| Mack Trucks, Inc. | Annual | 3-27 |
| Martin-Parry Corp. | Directors | 3-27 |
| Mathewson Alkali Works | Directors | 3-27 |
| National Radiator Corp. | Dividend | 3-27 |
| New Jersey Zinc | Directors | 3-27 |
| New York Telephone | Com. Dividend | 3-27 |
| Westinghouse Elec. & Mfg | Directors | 3-27 |
| Wright Aeronautical Corp | Directors | 3-27 |
| Baldwin Loco. Works | Directors | 3-28 |
| Brooklyn Union Gas | Directors | 3-28 |
| Byers (A. M.) & Co. | Pfd. Dividend | 3-28 |
| Case (J. I.) Threshing Mach. | Directors | 3-28 |
| Central R. R. of N. J. | Directors | 3-28 |
| Inspiration Consol. Copper | Directors | 3-28 |
| Reading Company | Directors | 3-28 |

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**These are the Stocks Analyzed in THIS Week's Edition**

| | |
|---|---|
| American Can | International T. & T |
| American Tel. & Tel. | Kansas City South'n |
| American Water W'ks | Kennecott Copper |
| Atchison | Mack Truck |
| Baltimore & Ohio | Miss., Kansas, Texas |
| Bethlehem Steel | Missouri Pacific |
| Borden | Murray Corp. |
| Canadian Pacific | Nash Motors |
| Cerro de Pasco | National Biscuit |
| Chesapeake & Ohio | New Haven |
| Chesapeake Corp. | New York Central |
| Chic. & Northw'n | Nickel Plate |
| Chicago, Rock Island | Norfolk & Western |
| Chrysler | Northern Pacific |
| Columbia Gas & El. | Packard |
| Consolidated Gas | Paramount |
| Continental Can | Pennsylvania |
| Curtiss Aero | Postum |
| Davison Chemical | Remington-Rand |
| Drug, Inc. | So. California Edison |
| Eaton Axle | Southern Pacific |
| Erie | Southern Railway |
| Engineers Pub. Ser. | Standard Gas & Elec. |
| Fox Film "A" | Studebaker |
| General Motors | Timken Rol. Bearing |
| Goodrich | Union Pacific |
| Goodyear | U. S. Rubber |
| Hudson | U. S. Steel |
| Hupp | Vanadium |

***Specific advice***
***is given in each case as to what action should be taken.***

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# New York Stock Exchange

## RAILS

| | 1927 High | 1927 Low | 1928 High | 1928 Low | 1929 High | 1929 Low | Last Sale 3/13/29 | Div'd $ Per Share |
|---|---|---|---|---|---|---|---|---|
| **A** | | | | | | | | |
| Atchison | 200 | 161¾ | 204 | 182⅜ | 209⅜ | 196⅛ | 199¼ | 10 |
| Do Pfd. | 106¾ | 99⅜ | 108½ | 102½ | 103⅞ | 103 | 103⅛ | 5 |
| Atlantic Coast Line | 205½ | 174⅞ | 191⅛ | 157⅛ | 191¾ | 169 | 180 | 7 |
| **B** | | | | | | | | |
| Baltimore & Ohio | 125 | 106⅛ | 125⅝ | 103¾ | 133 | 118⅞ | 126¾ | 6 |
| Do Pfd. | 83 | 73¼ | 85 | 77 | 80¼ | 78 | †79 | 4 |
| Brooklyn-Manhattan Transit | 70⅞ | 53 | 77¾ | 53⅜ | 81⅞ | 72¼ | 73½ | 4 |
| Do Pfd. | 88 | 78⅛ | 95⅜ | 82 | 92⅝ | 88¾ | †87 | 6 |
| **C** | | | | | | | | |
| Canadian Pacific | 219 | 165 | 253 | 195½ | 265⅞ | 233½ | 244½ | 10 |
| Chesapeake & Ohio | 218⅛ | 151⅜ | 218¾ | 175½ | 227½ | 211 | 218¼ | 10 |
| C. M. & St. Paul & Pacific | 19¾ | 9 | 40½ | 22¼ | 39⅞ | 34 | 35¼ | .. |
| Do Pfd. | 37½ | .. | 59⅝ | 37 | 63¾ | 55 | 57 | .. |
| Chicago & Northwestern | 97⅛ | 78⅜ | 94¼ | 78 | 94¼ | 86⅝ | 88 | 4 |
| Chicago, Rock Is. & Pacific | 116 | 68½ | 139⅝ | 106 | 139⅞ | 127½ | 129 | 7 |
| Do 7% Pfd. | 111¾ | 102¾ | 111½ | 105 | 108¼ | 105½ | 106⅞ | 7 |
| Do 6% Pfd. | 104 | 95¼ | 105 | 99½ | 102⅞ | 100 | 100½ | 6 |
| **D** | | | | | | | | |
| Delaware & Hudson | 230 | 171⅛ | 226 | 163¼ | 207¼ | 190 | 195 | 9 |
| Delaware, Lack. & West | 173 | 130⅛ | 150 | 125¼ | 133¼ | 124¼ | 129 | 6 |
| **E** | | | | | | | | |
| Erie R. R. | 69¾ | 39½ | 72½ | 48¾ | 78 | 66⅛ | 72⅞ | .. |
| Do 1st Pfd. | 66¼ | 52⅜ | 63⅞ | 50 | 64¾ | 59½ | †57¼ | .. |
| Do 2nd Pfd. | 64½ | 49 | 62 | 49¼ | 60¼ | 57 | 61 | .. |
| **G** | | | | | | | | |
| Great Northern Pfd. | 103⅞ | 79⅝ | 114¾ | 93½ | 115⅞ | 106¾ | 108⅞ | 5 |
| **H** | | | | | | | | |
| Hudson & Manhattan | 65⅞ | 40½ | 73½ | 50⅛ | 58⅜ | 49 | 49⅝ | 2½ |
| **I** | | | | | | | | |
| Illinois Central | 139⅜ | 121⅛ | 148¾ | 131¾ | 152 | 140 | 140⅛ | 7 |
| Interborough Rap. Transit | 52⅛ | 30½ | 62 | 29 | 58⅜ | 47 | 48½ | .. |
| **K** | | | | | | | | |
| Kansas City Southern | 70¼ | 41¼ | 95 | 43 | 98⅞ | 86¼ | 88 | 5 |
| Do Pfd. | 73½ | 64⅞ | 77 | 66½ | 70½ | 66½ | †67½ | 4 |
| **L** | | | | | | | | |
| Lehigh Valley | 137⅛ | 88½ | 116 | 84⅛ | 102¼ | 92 | 94 | 3½ |
| Louisville & Nashville | 159⅛ | 128⅜ | 159½ | 139⅜ | 153½ | 140¾ | 140¾ | 7 |
| **M** | | | | | | | | |
| Mo., Kansas & Texas | 56½ | 31⅛ | 58 | 30½ | 55 | 46 | 49 | .. |
| Do Pfd. | 109⅛ | 95¾ | 109 | 101½ | 105¾ | 103⅛ | 105⅝ | 7 |
| Missouri Pacific | 62 | 37⅞ | 76¼ | 41⅞ | 87⅞ | 62½ | 80¾ | .. |
| Do Pfd. | 118⅝ | 90⅛ | 126⅞ | 105 | 137⅜ | 120 | 132 | 5 |
| **N** | | | | | | | | |
| New York Central | 171½ | 137⅛ | 196½ | 156 | 204¼ | 186¼ | 188¼ | 8 |
| N. Y., Chic. & St. Louis | 240½ | 110 | 146 | 121¼ | 145 | 133 | 135 | 6 |
| N. Y., N. H. & Hartford | 63¼ | 41⅝ | 82¾ | 54⅜ | 98¾ | 80⅞ | 88 | 4 |
| N. Y., Ontario & Western | 41¾ | 23¼ | 39 | 24 | 32 | 27 | 28⅝ | .. |
| Norfolk & Western | 202 | 156 | 198⅛ | 175 | 206 | 191 | 197 | 8 |
| Northern Pacific | 102⅛ | 78 | 118 | 92⅜ | 114¾ | 105⅛ | 107 | 5 |
| **P** | | | | | | | | |
| Pennsylvania | 68 | 56¾ | 76⅞ | 61⅞ | 82¼ | 75⅝ | 76⅞ | 3½ |
| Pere Marquette | 140½ | 114½ | 154 | 124⅞ | 174¾ | 148 | 158 | 6 |
| Pittsburgh & W. Va. | 174 | 122½ | 163 | 121⅛ | 148¾ | 136 | †137 | 6 |
| **R** | | | | | | | | |
| Reading | 123¾ | 94 | 119⅜ | 94¼ | 117½ | 105⅛ | 107 | 4 |
| Do 1st Pfd. | 43½ | 40½ | 46 | 41⅛ | 43¼ | 42 | †42 | 2 |
| Do 2nd Pfd. | 50 | 43¾ | 59⅞ | 44 | 49¾ | 46¼ | †46⅜ | 2 |
| **S** | | | | | | | | |
| St. Louis-San Fran. | 117¼ | 100¾ | 122 | 109 | 122⅛ | 114⅛ | 115 | 8 |
| St. Louis-Southwestern | 93 | 61 | 124⅛ | 67⅛ | 115¾ | 102 | 106 | .. |
| Seaboard Air Line | 41¼ | 28⅛ | 30½ | 11⅝ | 21¾ | 16½ | 20 | .. |
| Do Pfd. | 45⅜ | 32⅛ | 38 | 17 | 24½ | 20 | 23 | .. |
| Southern Pacific | 126⅞ | 106¼ | 131¼ | 117⅝ | 138⅜ | 128 | 129½ | 6 |
| Southern Railway | 149 | 119 | 165 | 139½ | 158⅜ | 146¼ | 146¾ | 8 |
| Do Pfd. | 101⅛ | 94 | 102¼ | 96⅝ | 99 | 98 | †98 | 5 |
| **T** | | | | | | | | |
| Texas & Pacific | 103⅞ | 53⅞ | 194⅝ | 99⅛ | 178 | 164⅛ | †167 | 5 |
| **U** | | | | | | | | |
| Union Pacific | 197¾ | 159⅛ | 224⅞ | 186½ | 231 | 214¾ | 222¼ | 10 |
| Do Pfd. | 85¾ | 77 | 87¼ | 82⅛ | 84 | 82¾ | 84 | 4 |
| **W** | | | | | | | | |
| Wabash | 81 | 40½ | 96¼ | 51 | 81⅜ | 68 | †69½ | .. |
| Do Pfd. A | 101 | 76 | 102 | 88½ | 104⅞ | 94 | †94 | 5 |
| Do Pfd. B | 98 | 65 | 99⅛ | 87 | 81⅜ | 68 | †85 | .. |
| Western Maryland | 67⅞ | 13¾ | 54¾ | 31¾ | 54 | 41 | 47⅝ | .. |
| Do 2nd Pfd. | 67½ | 23 | 54⅞ | 33⅛ | 53⅛ | 41⅜ | †47 | .. |
| Western Pacific | 47½ | 25⅛ | 38½ | 28¼ | 41⅞ | 33⅛ | 36¾ | .. |
| Do Pfd. | 76⅜ | 55 | 62⅛ | 52½ | 64½ | 57 | 60 | .. |

## INDUSTRIALS AND MISCELLANEOUS

| | 1927 High | 1927 Low | 1928 High | 1928 Low | 1929 High | 1929 Low | Last Sale 3/13/29 | Div'd $ Per Share |
|---|---|---|---|---|---|---|---|---|
| **A** | | | | | | | | |
| Abitibi Power & Paper | 150¼ | 83 | 85 | 36¼ | 54⅞ | 40⅛ | 43¾ | .. |
| Abraham & Straus | 118¾ | 62¼ | 142 | 90 | 159⅛ | 128 | †135 | .. |
| Advance Rumely | 15¾ | 7⅝ | 65 | 11 | 75⅜ | 48 | 70⅛ | .. |
| Air Reduction, Inc. | 199⅛ | 134½ | 99⅝ | 59 | 114⅝ | 96⅞ | 104¼ | 2 |
| Ajax Rubber, Inc. | 13¾ | 7½ | 14⅜ | 7⅛ | 11¼ | 9 | 9⅛ | .. |
| Allied Chemical & Dye | 169¼ | 131 | 252¾ | 146 | 305¾ | 241 | 292 | 6 |
| Allis Chalmers Mfg. | 118¾ | 88 | 200 | 115⅛ | 194 | 167½ | 175 | 7 |
| Amer. Agricultural Chem. | 21½ | 8⅛ | 26 | 15⅝ | 23⅝ | 18¼ | 18⅜ | .. |
| Amer. Bank Note | 98 | 41 | 159 | 74¾ | 134¼ | 121 | †124 | 3 |
| Amer. Bosch Magneto | 26¾ | 13 | 44⅜ | 15⅜ | 59½ | 40½ | 57¼ | .. |
| Amer. Brake Shoe & Fdy | 46 | 35½ | 49⅛ | 39⅞ | 62 | 45 | 56 | 1.60 |
| American Can | 77⅝ | 43⅝ | 117⅛ | 70½ | 124¾ | 107¾ | 118⅛ | 3 |
| Amer. Car & Fdy | 111 | 95 | 111⅛ | 88¼ | 106½ | 93 | 100¼ | 6 |
| Amer. Druggists Syndicate | 15½ | 9⅜ | 15½ | 10½ | 11 | 9 | 9⅜ | .60 |
| Amer. & Foreign Power | 31 | 18⅞ | 85 | 22⅝ | 138⅛ | 75¼ | 108⅝ | .. |
| American Ice | 32 | 25¾ | 46⅜ | 28 | 43¾ | 38⅛ | 40 | .. |
| Amer. International Corp. | 72⅜ | 37 | 150 | 71 | 76¼ | 62 | 65 | 2 |
| Amer. Metal Co., Ltd. | 49⅜ | 36⅛ | 63¾ | 39 | 81¾ | 60¼ | 67¾ | 3 |
| Amer. Power & Lt. | 73⅜ | 54 | 95 | 62¼ | 120 | 81⅛ | 106 | 1 |
| American Radiator | 147⅞ | 110⅛ | 191⅛ | 130⅛ | 211 | 175 | 178 | 5 |
| Amer. Safety Razor | 64⅞ | 42 | 74⅞ | 56 | 74¾ | 67 | 67⅛ | 4 |
| Amer. Smelting & Refining | 188¾ | 132⅝ | 293 | 169 | 124¾ | 93½ | 115 | 4 |
| Amer. Steel Foundries | 72¾ | 41⅛ | 70⅜ | 50⅛ | 79⅞ | 64¼ | 69 | 3 |
| Amer. Sugar Refining | 95¾ | 65¼ | 93⅛ | 55 | 94¾ | 80⅛ | 80¾ | .. |

# Price Range of Active Stocks

## INDUSTRIALS—(Continued)

| | 1927 | | 1928 | | 1929 | | Last Sale | Div'd $ Per |
|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low | 3/13/29 | Share |
| Amer. Tel. & Tel. | 185½ | 149¼ | 211 | 172 | 222 | 193¼ | 216⅞ | 9 |
| Amer. Tobacco Com. | 189 | 120 | 184⅜ | 152 | 186½ | 170¼ | 170½ | 8 |
| Amer. Type Founders | 146 | 119⅞ | 142¼ | 109⅞ | 155 | 136½ | 147 | 8 |
| Amer. Water Works & Elec. | 72⅛ | 46 | 76½ | 52 | 94 | 67¼ | 86 | 1 |
| American Woolen | 33⅜ | 16½ | 32⅜ | 14 | 27⅞ | 20 | 21½ | .. |
| Amer. Zinc, Lead & Smelt. | 10¼ | 5¾ | 57 | 6⅜ | 49 | 35⅛ | 43⅝ | .. |
| Anaconda Copper Mining | 60½ | 41¼ | 120¼ | 54 | 163 | 115¼ | 154⅜ | 7 |
| Armour of Ill. Cl. A | 15⅞ | 8¼ | 23⅛ | 11¼ | 18⅜ | 14¼ | 14¼ | .. |
| Do Cl. B | 9⅛ | 5 | 13½ | 6⅝ | 10¼ | 7⅜ | 7⅞ | .. |
| Arnold Constable Corp. | 55½ | 21 | 51¾ | 35¼ | 40⅞ | 29⅜ | 30⅜ | .. |
| Assoc. Dry Goods | 53⅝ | 39½ | 75½ | 40¼ | 70¾ | 57¼ | 61⅝ | 2½ |
| Atlantic, Gulf & W. I. S.S. Line | 43½ | 30⅜ | 59⅞ | 37⅛ | 43⅛ | 32⅛ | 41 | .. |
| Atlantic Refining | 131⅜ | 104 | 66½ | 50 | 68 | 53½ | 61 | 1 |
| Austin, Nichols & Co. | 10¼ | 4¼ | 9¼ | 4⅜ | 10 | 6¼ | 6¼ | .. |
| B | | | | | | | | |
| Baldwin Loco. Works | 265¾ | 143⅛ | 285 | 235 | 248 | 230 | †217 | 7 |
| Barnsdall Corp. Cl. A | 35½ | 20¾ | 53 | 20 | 46⅞ | 38⅛ | 42¾ | 2 |
| Beech Nut Packing | 74¼ | 50¼ | 101¼ | 70⅜ | 101 | 85¼ | †88 | 3 |
| Bethlehem Steel Corp. | 66½ | 43¾ | 86⅜ | 51⅞ | 106⅜ | 82⅛ | 103⅛ | 4 |
| Borden Company | 169 | 167½ | 187 | 152 | 203¾ | 174½ | 182 | 6 |
| Briggs Mfg. | 36⅜ | 19½ | 63⅝ | 21⅛ | 63⅛ | 47 | 47¼ | .. |
| Bucyrus-Erie Co. | 31 | 21½ | 48¾ | 24½ | 42¾ | 36⅛ | 37⅛ | 1 |
| Burns Bros. new Cl. A Com. | 125¾ | 85½ | 127 | 93½ | 127 | 110 | †117 | 8 |
| Do new Cl. B Com. | 34¾ | 16¼ | 43⅜ | 15⅞ | 39 | 30⅝ | 33⅞ | .. |
| Byers & Co. (A. M.) | 102¾ | 42 | 206¾ | 90½ | 192⅞ | 135¼ | 151 | .. |
| C | | | | | | | | |
| California Packing | 79 | 60¼ | 82⅝ | 68½ | 81⅝ | 74⅛ | 75⅛ | 4 |
| Calumet & Arizona Mining | 123⅛ | 61⅛ | 133 | 89 | 142⅝ | 121¼ | 135½ | 6 |
| Calumet & Hecla | 24¾ | 14¼ | 47⅜ | 20⅛ | 61⅛ | 44 | 56⅛ | 4 |
| Canada Dry Ginger Ale | 60⅛ | 36 | 86½ | 54⅞ | 86½ | 78 | 83⅝ | 4 |
| Cerro de Pasco Copper | 72½ | 58 | 119 | 58½ | 120 | 101⅛ | 110⅛ | 5 |
| Chile Copper | 44⅜ | 33⅛ | 74⅞ | 37⅜ | 118½ | 71⅜ | 113 | 3½ |
| Chrysler Corp. | 63½ | 38⅛ | 140½ | 54¾ | 135 | 98⅜ | 107⅛ | 3 |
| Coca Cola Co. | 199½ | 96½ | 180½ | 127 | 140 | 129⅛ | 129⅛ | 4 |
| Collins & Aikman | 113⅜ | 86 | 111¾ | 44⅛ | 70¼ | 50 | 68 | .. |
| Colorado Fuel & Iron | 96⅜ | 42⅝ | 84⅛ | 52½ | 78½ | 65 | 75¾ | .. |
| Columbian Carbon, V. T. C. | 101¼ | 66⅞ | 134¾ | 79 | 154⅞ | 124 | 141½ | 4 |
| Colum. Gas & Elec. | 98¾ | 82⅞ | 140⅞ | 89½ | 160 | 136½ | 145 | 5 |
| Commonwealth Power | 78¾ | 48⅝ | 110⅛ | 62¼ | 136 | 107¼ | 132½ | 3 |
| Congoleum-Nairn, Inc. | 29¾ | 17¼ | 31½ | 22 | 33¾ | 26½ | 27 | .. |
| Congress Cigar | 88½ | 47 | 87¼ | 67 | 92⅜ | 79⅛ | 82⅝ | 5 |
| Consolidated Gas of N. Y. | 125¾ | 94 | 170¼ | 74 | 96¼ | 89¼ | 90½ | 7 |
| Continental Baking Cl. A | 74⅞ | 33½ | 53½ | 26⅛ | 67 | 47⅛ | 65½ | .. |
| Do Cl. B | 10¼ | 4 | 9⅜ | 3¾ | 13¾ | 8⅛ | 10⅞ | .. |
| Continental Can, Inc. | 86⅞ | 58¾ | 128⅞ | 53 | 75⅜ | 60 | 70 | 2½ |
| Continental Motors | 13¾ | 8⅞ | 20½ | 10 | 28⅜ | 19⅛ | 22¾ | .80 |
| Corn Products Refining | 68 | 46⅞ | 94 | 64⅜ | 91⅞ | 83 | 84½ | 2 |
| Crucible Steel of Amer. | 96¾ | 76½ | 93 | 69¼ | 94 | 85½ | 88⅛ | 5 |
| Cuba Cane Sugar | 10¾ | 4⅞ | 7½ | 4⅜ | 5½ | 3½ | 4 | .. |
| Cuban-Amer. Sugar | 28½ | 18⅞ | 24¼ | 15⅜ | 17 | 11 | 11¾ | .. |
| Cudahy Packing | 58¾ | 43½ | 78¼ | 54 | 67⅞ | 57⅝ | 58 | 4 |
| Curtiss Aero. & Motor Co. | 69¾ | 45⅛ | 192¾ | 53⅛ | 173½ | 141 | 152½ | 1 |
| Cuyamel Fruit | 55½ | 30 | 63 | 49 | 85 | 63 | 76 | .. |
| D | | | | | | | | |
| Davison Chemical | 48½ | 26¼ | 68¾ | 34⅜ | 69⅛ | 58⅛ | 63¼ | .. |
| Drug, Inc. | .. | .. | 120⅛ | 80 | 126⅛ | 115¾ | 117½ | 4 |
| E | | | | | | | | |
| Eastman Kodak Co. | 175¼ | 126¼ | 194¼ | 163 | 194½ | 179¾ | 183⅛ | 5 |
| Eaton Axle & Spring | 29¾ | 21¼ | 68⅛ | 26 | 76¾ | 61 | 63½ | 3 |
| E. I. du Pont de Nemours | 343⅞ | 168 | 503 | 310 | 198½ | 155¾ | 182 | 4 |
| Elec. Power & Light | 32⅜ | 16½ | 49⅜ | 28¾ | 68⅝ | 43⅛ | 67¾ | 1 |
| Elec. Storage Battery | 79½ | 63¼ | 91⅛ | 69 | 92⅞ | 82⅞ | 84¼ | 5 |
| Endicott-Johnson Corp. | 81¼ | 64¾ | 85 | 74¾ | 83⅜ | 74⅞ | 76¼ | 5 |
| Engineers Pub. Service | 39⅝ | 21¾ | 51 | 33 | 60¼ | 48½ | 63⅛ | 1 |
| F | | | | | | | | |
| Federal Light & Traction | 47 | 37½ | 71 | 42 | 86½ | 68⅛ | †77¼ | 1½ |
| Fisk Rubber | 20 | 14¾ | 17¾ | 8⅞ | 20⅛ | 15⅜ | 17 | .. |
| Fleischmann Co. | 71⅛ | 46⅛ | 89⅜ | 65 | 84⅜ | 72 | 73 | 3 |
| Fox Film Cl. A | 85½ | 50 | 119⅝ | 72 | 101 | 85¼ | 91½ | 4 |
| Freeport Texas Co. | 106½ | 34¼ | 109¼ | 43 | 54⅞ | 44 | 45¾ | 4 |
| G | | | | | | | | |
| General Amer. Tank Car | 64⅜ | 46 | 101 | 60⅞ | 102 | 86 | 92⅞ | 4 |
| General Asphalt | 96¾ | 65 | 94⅞ | 68 | 81¼ | 63 | 68¼ | .. |
| General Electric | 146⅝ | 81 | 221½ | 124 | 262⅜ | 222 | 232½ | 4 |
| General Motors Corp. | 141 | 113¼ | 224¾ | 130 | 86 | 78 | 81⅞ | 3 |
| General Railway Signal | 153¼ | 82⅛ | 123⅝ | 84¼ | 111⅛ | 95 | 104½ | 5 |
| Gold Dust Corp., V. T. C. | 78¾ | 42 | 143¼ | 71 | 82 | 66⅜ | 69⅜ | 2½ |
| Goodrich Co. (B. F.) | 96½ | 42¾ | 109¼ | 68½ | 105¾ | 87⅛ | 93 | 4 |
| Goodyear Tire & Rubber | 69⅜ | 48⅝ | 140 | 45⅛ | 140 | 112 | 129⅞ | .. |
| Graham-Paige Motors | .. | .. | 61¼ | 16¾ | 54 | 44¼ | 46⅝ | .. |
| Granby Consol. Min., Smelt. & Pr. | 45 | 31⅛ | 93 | 39⅛ | 95¾ | 85 | 90⅛ | 6 |
| Great Western Sugar | 44⅝ | 35⅛ | 38½ | 31 | 44 | 36¼ | 37⅝ | 2.80 |
| Greene Cananea Copper | 151½ | 29¼ | 177¼ | 89⅜ | 190 | 168 | 174 | 8 |
| Gulf States Steel | 64 | 40 | 73⅝ | 51 | 79 | 66 | 70⅜ | 4 |
| H | | | | | | | | |
| Hershey Chocolate | 40¼ | 37⅞ | 72½ | 30⅜ | 72½ | 64 | 69¾ | .. |
| Houston Oil of Texas Ten Ctfs. | 175 | 60⅛ | 167 | 79 | 107 | 80⅛ | 87 | .. |
| Hudson Motor Car | 91⅛ | 48¼ | 99⅝ | 75 | 93⅜ | 83 | 87 | 5 |
| Hupp Motor Car | 36¼ | 16 | 84 | 29 | 82 | 67⅝ | 71¾ | 2 |
| I | | | | | | | | |
| Inland Steel | 62⅜ | 41 | 80 | 46 | 95 | 78½ | 92 | 3½ |
| Inspiration Consol. Copper | 25½ | 12½ | 48⅞ | 18 | 66¾ | 43⅛ | 61⅝ | 4 |
| Inter. Business Machines | 119¾ | 53⅛ | 166⅝ | 114 | 164¾ | 149⅜ | 159½ | 5 |
| Inter. Cement | 65⅜ | 45¼ | 94⅞ | 56 | 102¾ | 89⅝ | 92¼ | 4 |
| Inter. Comb. Eng. Corp. | 64 | 40⅛ | 80 | 45¼ | 103½ | 68⅛ | 85¾ | 2 |
| Inter. Harvester | 255⅝ | 135⅜ | 97⅞ | 80 | 115 | 92¾ | 105⅝ | 2½ |
| Inter. Mercantile Marine | 8¾ | 3½ | 7⅜ | 3¾ | 7¼ | 5½ | 5¾ | .. |
| Inter. Nickel | 89½ | 38¼ | 269½ | 73⅝ | 72¾ | 46¼ | 59⅞ | .80 |
| Inter. Paper | 81½ | 29⅛ | 86⅜ | 50 | 77½ | 57½ | †65 | 2.40 |
| Inter. Tel. & Tel. | 158⅞ | 122¼ | 201 | 139½ | 227½ | 197¼ | 209½ | 6 |
| J | | | | | | | | |
| Johns-Manville | 126 | 55½ | 202 | 98¼ | 242¾ | 180½ | 189⅞ | 3 |
| K | | | | | | | | |
| Kelly-Springfield Tire | 32¼ | 9½ | 25½ | 19¼ | 24 | 18 | 19¾ | .. |
| Kennecott Copper | 90⅜ | 60 | 156 | 80⅛ | 99½ | 78⅝ | 97 | 4 |
| Kresge Co. (S. S.) | 77¼ | 45⅞ | 91¾ | 65 | 57½ | 51¾ | 51¾ | .. |
| Kroger Grocery & Baking | 145 | 119 | 132¼ | 73¼ | 122½ | 101⅛ | 108 | 1 |

# New York Stock Exchange
# Price Range of Active Stocks

## INDUSTRIALS—(Continued)

| | 1927 High | 1927 Low | 1928 High | 1928 Low | 1929 High | 1929 Low | Last Sale 3/13/29 | Div'd $ Per Share |
|---|---|---|---|---|---|---|---|---|
| **L** | | | | | | | | |
| Lehn & Fink | 43 | 32⅝ | 64⅞ | 38 | 68½ | 58⅛ | 58½ | 3 |
| Liggett & Myers Tob. | 128 | 87½ | 122½ | 83⅛ | 103½ | 89⅛ | 89¼ | 4 |
| Lima Loco. Works | 76⅜ | 49 | 65⅞ | 38 | 52½ | 45 | 48½ | .. |
| Loew's, Inc. | 63⅞ | 48⅞ | 77 | 49⅛ | 84¼ | 63⅝ | 72⅝ | 2 |
| Loose-Wiles Biscuit | 57¼ | 35½ | 88¾ | 44¼ | 74⅝ | 64⅛ | 68½ | 2.60 |
| Lorillard | 47⅜ | 23½ | 46⅞ | 23¾ | 28⅜ | 24 | 24⅛ | .. |
| **M** | | | | | | | | |
| Mack Truck, Inc. | 118¾ | 88¼ | 110 | 83 | 114¾ | 104 | 107½ | 6 |
| Magma Copper | 58¾ | 29½ | 75 | 43¾ | 80¼ | 66 | 76 | 4 |
| Marland Oil | 58½ | 31 | 49¾ | 33 | 47⅛ | 35⅞ | 40 | .. |
| May Dept. Stores | 90⅜ | 66¾ | 113½ | 75 | 108⅛ | 90⅛ | 91⅞ | 4 |
| McKeesport Tin Plate | .. | .. | 78⅜ | 62½ | 82 | 71½ | 74⅝ | 4 |
| Mexican Seaboard Oil | 9¼ | 3 | 73 | 4⅝ | 69⅜ | 42½ | 51 | .. |
| Miami Copper | 20¾ | 13⅛ | 33 | 17¾ | 53¼ | 30⅛ | 58½ | 2 |
| Mont. Ward & Co. | 121½ | 60⅜ | 156½ | 115¼ | 156⅞ | 120 | 127¼ | 2½ |
| Murray Body | 43 | 16¼ | 124¼ | 21⅛ | 78¾ | 67 | 72½ | .. |
| **N** | | | | | | | | |
| Nash Motor Co. | 101⅞ | 60¼ | 112 | 80¼ | 118⅞ | 102¼ | 107 | 6 |
| National Biscuit | 187 | 94¾ | 195¼ | 159½ | 205 | 178 | 180¼ | 6 |
| National Cash Reg | 51⅝ | 39⅞ | 104¾ | 47¼ | 143¾ | 96 | 128⅛ | 3 |
| National Dairy Prod. | 68⅞ | 59¼ | 133½ | 64½ | 137⅝ | 122½ | 130⅛ | 3 |
| National Enameling & Stamp. | 35⅜ | 19⅛ | 57⅜ | 23¼ | 64¼ | 52½ | †53 | 1 |
| National Lead | 202¾ | *95 | 136 | 115 | 158½ | 132 | 152¼ | 5 |
| National Power & Light | 26¾ | 19¼ | 46⅝ | 21⅞ | 61⅜ | 42½ | 57⅝ | 1 |
| Nevada Consol. Copper | 20⅝ | 12¾ | 42⅜ | 17¾ | 61¾ | 39¾ | 57½ | 3 |
| N. Y. Air Brake | 50 | 39¼ | 50½ | 39⅞ | 49¾ | 42⅝ | 48 | 3 |
| North American Co. | 64½ | 45⅝ | 97 | 58⅝ | 109½ | 90⅝ | 103¼ | 10 |
| **O** | | | | | | | | |
| Otis Steel | 12½ | 7¼ | 40½ | 10½ | 47¼ | 37¼ | 46⅞ | .. |
| **P** | | | | | | | | |
| Packard Motor Car | 62 | 33¾ | 163 | 56¼ | 153 | 125¼ | 137⅞ | 3 |
| Pan-American Pet. & Trans. | 65⅞ | 40⅛ | 55½ | 38¼ | 50 | 40¼ | 45 | .. |
| Paramount Famous Lasky | 115⅜ | 92 | 56⅜ | 47¼ | 68 | 55⅛ | 68 | 3 |
| Phila. & Reading C. & I. | 47⅝ | 37⅜ | 39¾ | 27⅜ | 34 | 27⅝ | 28 | .. |
| Phillips Petroleum | 60¼ | 36¼ | 53⅞ | 35¼ | 47 | 37¼ | 39 | 1½ |
| Pierce-Arrow Cl. A. | 23⅝ | 9⅛ | 30⅞ | 18½ | 37⅞ | 28¾ | 33⅞ | .. |
| Pillsbury Flour Mills | 37½ | 30⅞ | 58⅞ | 32¾ | 63⅞ | 51 | 53½ | 1.60 |
| Pittsburgh Coal of Penna. | 74½ | 32¾ | 78⅞ | 36⅛ | 83¾ | 62½ | †65 | .. |
| Postum Co., Inc. | 126⅛ | 92⅝ | 136½ | 61⅜ | 78⅜ | 68¼ | 70⅞ | 3 |
| Pressed Steel Car | 78¼ | 36½ | 33½ | 18 | 23¾ | 19⅝ | 21¾ | .. |
| Public Service of N. J. | 46⅞ | 32 | 83½ | 41½ | 94¾ | 81⅜ | 83⅜ | 2.60 |
| Pullman, Inc. | 84¾ | 73¾ | 94 | 77⅞ | 91⅞ | 80⅝ | 83⅛ | 4 |
| Pure Oil | 33½ | 25 | 31¼ | 19 | 28½ | 23¼ | 25 | 1 |
| **R** | | | | | | | | |
| Radio Corp. of America | 101 | 41⅛ | 420 | 85¼ | 476 | 333 | 467¼ | .. |
| Remington-Rand | 47¼ | 20½ | 36½ | 23⅛ | 96 | 90¼ | 94¼ | 7 |
| Reo Motor Car | 26⅞ | 25½ | 35¼ | 22½ | 31⅞ | 27⅛ | 29 | .80 |
| Republic Iron & Steel | 75⅞ | 53 | 94½ | 49⅛ | 100⅞ | 79¼ | 95 | 4 |
| Reynolds (R. J.) Tab. Cl. B. | 162 | 98⅛ | 165½ | 128 | 66 | 56½ | 59 | 2.40 |
| Richfield Oil of Calif. | 28⅝ | 25⅜ | 56 | 23½ | 49⅝ | 39¾ | 43 | 2 |
| **S** | | | | | | | | |
| Savage Arms Corp. | 72½ | 43½ | 51 | 36¼ | 51⅞ | 43½ | 45 | 2 |
| Schulte Retail Stores | 57 | 47 | 67½ | 35¾ | 41½ | 29 | 34 | 3½ |
| Sears, Roebuck & Co. | 91½ | 51 | 197½ | 82⅛ | 181 | 151⅝ | 154 | 2½ |
| Shell Union Oil | 31¾ | 24⅝ | 39⅜ | 23¼ | 30¼ | 25¾ | 28 | 1.40 |
| Simmons Co. | 64¾ | 33½ | 101⅜ | 55¾ | 116 | 90½ | 93 | 3 |
| Sinclair Consol. Oil Corp. | 22¾ | 15 | 46¾ | 17⅜ | 45 | 36 | 39 | 2 |
| Skelly Oil Corp. | 37¾ | 24⅛ | 42⅝ | 25 | 40⅞ | 42⅞ | 35¼ | 2 |
| Spicer Mfg. Co. | 28⅞ | 20½ | 51⅝ | 23½ | 66¾ | 45 | 60⅛ | .. |
| Standard Gas & Elec. Co. | 66¾ | 54 | 84⅝ | 57⅞ | 99⅞ | 82 | 87⅝ | 3½ |
| Standard Oil of Calif. | 60¾ | 50⅜ | 80 | 53 | 73⅛ | 64 | 69⅞ | 2½ |
| Standard Oil of N. J. | 41⅜ | 35⅛ | 59¾ | 37¾ | 55½ | 48 | 49¾ | 1 |
| Standard Oil of N. Y. | 34⅛ | 29¾ | 45½ | 28¾ | 45¾ | 38 | 40¾ | 1.60 |
| Stewart-Warner Speedometer | 87½ | 54¼ | 128⅛ | 77¼ | 145 | 121½ | 134¼ | 6 |
| Stromberg Carburetor | 60 | 26⅛ | 99 | 44 | 68⅞ | 52¾ | 66¼ | 3 |
| Studebaker Corp. | 63½ | 49 | 87½ | 57 | 98 | 77 | 86½ | 5 |
| **T** | | | | | | | | |
| Texas Corp. | 58 | 45 | 74¾ | 50 | 68 | 57¼ | 60⅝ | 3 |
| Texas Gulf Sulphur | 81⅜ | 49 | 82½ | 62⅛ | 82 | 72¼ | 73 | 4 |
| Texas Pacific Coal & Oil | 18⅞ | 12 | 26⅝ | 12⅛ | 22⅞ | 16 | 20¾ | .25 |
| Tide Water Assoc. Oil | 19⅛ | 15⅜ | 25 | 14¾ | 37⅝ | 27⅛ | 30 | .80 |
| Timken Roller Bearing | 142½ | 78 | 154 | 112⅝ | 87 | 73½ | 82 | 3 |
| Tobacco Prod. Corp. | 117⅝ | 92¾ | 118⅛ | 93 | 102 | 92⅞ | 97¾ | 6 |
| Transcontinental Oil temp. ctf. | 10⅜ | 3¾ | 14⅛ | 6¾ | 13 | 7 | 9¾ | .. |
| **U** | | | | | | | | |
| Underwood-Elliott-Fisher | 70 | 45 | 93⅞ | 63 | 113⅜ | 91 | 109¾ | 4 |
| Union Carbide & Carbon | 154½ | 99⅛ | 209 | 136⅛ | 227⅜ | 196½ | 216 | 6 |
| Union Oil California | 56½ | 39⅝ | 58 | 42¾ | 52¼ | 46 | 50⅛ | 2 |
| United Cigar Stores | 38⅛ | 32⅜ | 34⅝ | 22⅞ | 27½ | 22 | 23¾ | 1 |
| United Fruit | 150 | 113½ | 148 | 131⅛ | 158½ | 138 | 140½ | 4 |
| U. S. Cast Iron Pipe & Fdy. | 246 | 190⅛ | 53 | 38 | 49½ | 38 | 34½ | 2 |
| U. S. Industrial Alcohol | 111⅛ | 69 | 138 | 102⅛ | 154⅞ | 128 | 140¾ | 6 |
| U. S. Rubber | 67⅛ | 37¼ | 63¼ | 27 | 64 | 42 | 58¾ | .. |
| U. S. Smelting, Ref. & Mining | 48⅞ | 33⅜ | 71½ | 39½ | 70¾ | 61⅝ | 66 | 3½ |
| U. S. Steel Corp. | 160½ | 111⅜ | 172½ | 132⅜ | 193⅛ | 157⅛ | 183⅛ | 7 |
| **V** | | | | | | | | |
| Vanadium Corp. | 67⅛ | 37 | 111⅛ | 60 | 116½ | 95¾ | 106 | 3 |
| **W** | | | | | | | | |
| Warner Bros. Pictures | 45½ | 18¼ | 139¼ | 80⅞ | 134 | 114⅜ | 115½ | .. |
| Western Union Tel. | 176 | 144½ | 201 | 139½ | 220¾ | 179¾ | 210 | 8 |
| Westinghouse Air Brake | 50½ | 40 | 57⅜ | 42⅛ | 54½ | 45⅛ | 52½ | 2 |
| Westinghouse Elec. & Mfg. | 94¾ | 67⅝ | 144 | 88⅛ | 166½ | 137½ | 154 | 4 |
| White Motor | 58⅜ | 30¼ | 43¾ | 30¼ | 53⅛ | 40⅝ | 52 | 1 |
| Willys-Overland | 24¾ | 13½ | 33 | 17¾ | 35 | 29⅜ | 29¾ | 1.20 |
| Woolworth Co. (F. W.) | 198½ | 117¾ | 225¾ | 175½ | 222¼ | 195⅛ | 197 | 6 |
| Worthington Pump & Mach. | 46 | 20½ | 55 | 28 | 64½ | 47⅛ | 54 | .. |
| Wright Aeronautical | 94¾ | 24½ | 289 | 69 | 299 | 253 | 265 | 2 |
| **Y** | | | | | | | | |
| Youngstown Sheet & Tube | 100⅛ | 80⅛ | 115⅝ | 83½ | 116¾ | 105 | 113⅛ | 5 |

* Ex-dividend. † Bid Price.

# Securities Analyzed, Rated and Mentioned in this Issue.

### PUBLIC UTILITIES



### MINING



### INDUSTRIALS



### RAILROADS



### COMMODITIES



### BONDS



## Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

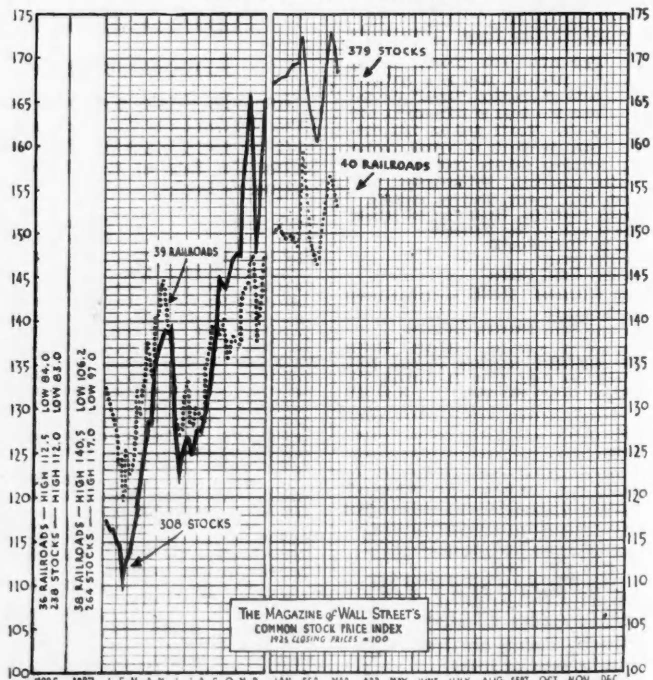
| Ann'l Rate | | Amount Declared | | Stock Record | Payable |
|---|---|---|---|---|---|
| $3.00 | Nat. Cash Reg., Cl. A. | $0.75 | Q | 3-29 | 4-15 |
| 2.00 | Amer. Rolling Mills... | 0.50 | Q | 4-1 | 4-15 |
| 3.00 | Am. Steel Fdys. com.. | 0.75 | Q | 4-1 | *4-15 |
| 7.00 | Anaconda Copper Min.. | 1.75 | Q | 3-29 | 5-20 |
| .... | Ass. Gas & E., Cl. A. | 1/40 sh | Q | 3-30 | 5-1 |
| 3.00 | Beech Nut Pack. com.. | 0.75 | Q | 3-25 | 4-10 |
| 2.00 | Bush Terminal com.... | 0.50 | Q | 3-29 | 5-1 |
| Stock | Bush Terminal com.... | 1½% | Q | 3-29 | 5-1 |
| 7.00 | Bush Terminal deb.... | 1.75 | Q | 3-29 | 4-15 |
| 2.00 | Cent. Alloy Steel com. | 0.50 | Q | 3-23 | 4-10 |
| 3.50 | Chile Copper Co....... | 0.87½ | Q | 3-29 | 4-22 |
| 5.00 | Great North. Iron Ore. | 1.25 | Q | 4-5 | 4-30 |
| 8.00 | Illinois Bell Telephone | 2.00 | Q | 3-29 | 3-30 |
| 2.50 | Illinois Brick ......... | 0.60 | Q | 4-3 | 4-12 |
| 4.00 | Interstate I. & S. Co. com. ............... | 1.00 | Q | 4-5 | 4-15 |
| 5.00 | Intern. Business Mach. | 1.25 | Q | 3-22 | 4-10 |
| 2.50 | Intern. Harvester, new com. ............... | 0.62½ | Q | 3-25 | 4-15 |
| 4.00 | Jewel Tea com........ | 1.00 | Q | 4-2 | 4-16 |
| 3.00 | Johns-Manville com.... | 0.75 | Q | 3-25 | 4-15 |
| 5.00 | Kansas City Southern, ini. com. ........... | 1.25 | Q | 3-31 | 5-1 |
| 3.00 | Massey-Harris com., ini. ................ | 0.75 | Q | 3-30 | 4-1 |
| 6.00 | National Biscuit com.. | 1.50 | Q | 3-29 | 4-15 |
| 3.00 | Park & Tilford........ | 0.75 | Q | 3-29 | 4-14 |
| Stock | Park & Tilford....... | 1% | | 3-29 | 4-14 |
| 8.00 | Peoples G., Lt. & Coke | 2.00 | Q | 4-3 | 4-17 |
| 4.00 | Pittsburgh Steel com.. | 1.00 | Q | 3-25 | 4-1 |
| 1.60 | Spalding, new com.... | 0.40 | Q | 3-30 | 4-15 |
| 4.00 | Transamer. Corp., ini.. | 1.00 | Q | 4-5 | 4-25 |
| Stock | Transamerica Corp., spec. stock ......... | 1% | | 4-5 | 4-25 |
| 2.00 | U. S. Cast Iron Pipe & Foundry ............ | 0.50 | Q | 3-31 | 4.20 |
| 2.00 | U. S. Radiator com... | 0.50 | Q | 4-1 | 4-15 |
| 2.00 | Westingn. Air Brake.. | 0.50 | Q | 3-30 | 4-30 |

* New stock will not participate in dividend.

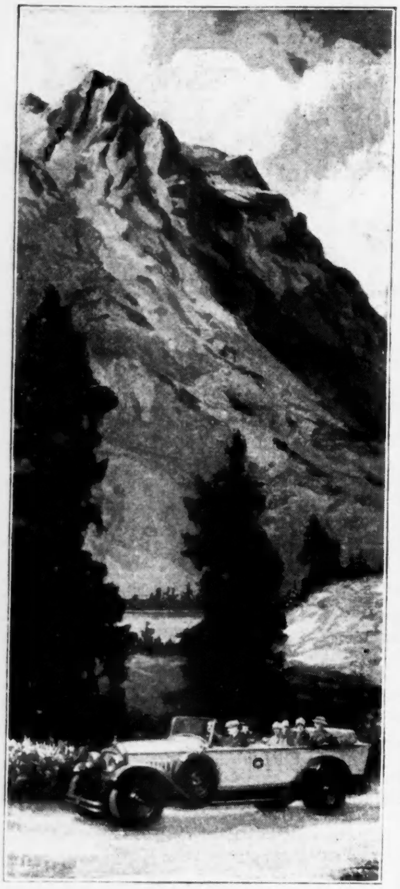
# THE MAGAZINE OF WALL STREET'S
## COMMON STOCK PRICE INDEX
### (1925 Closing Prices = 100)

| Number of Issues in Group | Group | 1928 Indexes (379 Issues) High | 1928 Indexes (379 Issues) Low | Recent Indexes Mar. 2 | Recent Indexes Mar. 9 | 1928 Indexes (308 Issues) Close | 1928 Indexes (308 Issues) High | 1928 Indexes (308 Issues) Low |
|---|---|---|---|---|---|---|---|---|
| 379 | COMBINED AVERAGE ...... | 173.0 | 160.2 | 173.1H | 163.3 | 165.4 | 166.0 | 109.2 |
| 40 | Railroads .................. | 159.1 | 146.5 | 156.5 | 153.0 | 147.1 | 148.9 | 119.5 |
| 2 | Agricultural Implements ..... | 611.3 | 504.5 | 611.3h | 596.0 | 513.2 | 513.2 | 280.5 |
| 8 | Amusement ............... | 268.0 | 246.5 | 268.0H | 255.4 | 253.8 | 262.9 | 98.3 |
| 15 | Automobile Accessories ...... | 207.3 | 190.2 | 207.3H | 200.7 | 190.2 | 190.2 | 86.4 |
| 18 | Automobiles ............... | 134.9 | 123.2 | 133.4 | 128.9 | 133.5 | 133.5 | 79.0 |
| 2 | Aviation (1927 Cl.—100) ..... | 302.1 | 280.5 | 302.1 | 292.0 | 284.4 | (Begun | 1929) |
| 3 | Baking (1926 Cl.—100) ...... | 95.5 | 81.2 | 84.9 | 81.2 | 82.3 | 82.9 | 51.5 |
| 2 | Biscuit ................... | 237.7 | 211.6 | 222.9 | 226.1 | 225.2 | 242.4 | 169.7 |
| 4 | Business Machines .......... | 272.0 | 234.1 | 272.0H | 265.8 | 235.0 | 235.0 | 153.7 |
| 2 | Cans ..................... | 202.7 | 177.7 | 202.7H | 196.3 | 177.7 | 181.4 | 117.2 |
| 7 | Chemicals & Dyes ........... | 243.5 | 221.7 | 243.3 | 239.9 | 221.9 | (Begun | 1929) |
| 2 | Coal ..................... | 124.0 | 109.6 | 119.7 | 110.7 | 120.2 | 120.3 | 81.8 |
| 14 | Construction & Bldg. Material | 141.3 | 130.1 | 140.8 | 134.2 | 136.9 | 136.9 | 94.4 |
| 15 | Copper ................... | 378.2 | 299.6 | 378.2H | 371.0 | 299.6 | 299.6 | 159.8 |
| 3 | Dairy Products ............. | 121.0 | 110.1 | 112.8 | 114.6 | 120.4 | 132.5 | 68.1 |
| 7 | Department Stores .......... | 86.5 | 76.0 | 80.3 | 77.5 | 86.5 | 89.5 | 62.9 |
| 10 | Drugs & Toilet Articles...... | 199.2 | 186.5 | 190.2 | 186.6 | 196.0 | 201.9 | 157.2 |
| 5 | Electric Apparatus .......... | 206.7 | 183.5 | 206.7H | 199.2 | 183.5 | 183.5 | 125.6 |
| 3 | Fertilizers ................ | 121.4 | 103.5 | 109.4 | 107.4 | 106.4 | 116.3 | 78.4 |
| 3 | Finance Companies .......... | 249.5 | 126.7 | 249.5 | 236.9 | 126.7 | (Begun | 1929) |
| 4 | Furniture & Floor Covering... | 197.5 | 173.5 | 182.5 | 173.5 | 185.0 | 185.0 | 110.2 |
| 5 | Household Appliances ....... | 110.8 | 100.2 | 105.5 | 102.2 | 110.8 | 113.3 | 87.5 |
| 2 | Invest. Trusts (1928 Cl.—100) | 108.2 | 96.4 | 108.2 | 103.4 | 100.0 | (Begun | 1929) |
| 3 | Mail Order ................ | 418.6 | 357.9 | 393.1 | 371.8 | 418.6 | 426.5 | 147.9 |
| 4 | Marine ................... | 83.3 | 74.7 | 80.6 | 78.0 | 77.4 | 96.5 | 66.8 |
| 2 | Meat Packing .............. | 104.4 | 87.9 | 91.5 | 87.9 | 104.4 | (Begun | 1929) |
| 40 | Petroleum & Natural Gas.... | 168.9 | 143.8 | 151.1 | 149.4 | 164.4 | 182.6 | 86.1 |
| 5 | Phon'phs & Radio (1927—100) | 303.9 | 260.1 | 293.9 | 301.6 | 290.0 | (Begun | 1929) |
| 17 | Public Utilities ............ | 252.1 | 213.3 | 252.1H | 242.4 | 215.5 | 215.5 | 127.9 |
| 10 | Railroad Equipment ......... | 130.4 | 121.9 | 129.8 | 127.4 | 127.6 | 128.9 | 112.1 |
| 3 | Restaurants .............. | 133.2 | 124.7 | 124.7 | 127.2 | 131.0 | 138.1 | 89.8 |
| 2 | Shoe & Leather............. | 178.3 | 150.1 | 143.3 | 151.3 | 176.2 | 231.4 | 138.3 |
| 2 | Soft Drinks (1926 Cl.—100).. | 221.3 | 206.9 | 221.3h | 218.6 | 208.6 | 214.0 | 152.9 |
| 13 | Steel & Iron................ | 153.9 | 138.0 | 153.9H | 149.0 | 138.8 | 143.4 | 86.3 |
| 6 | Sugar .................... | 81.6 | 67.2 | 68.5 | 67.2L | 78.7 | 93.7 | 72.8 |
| 2 | Sulphur .................. | 295.2 | 265.0 | 275.2 | 265.0 | 286.9 | 386.9 | 251.6 |
| 3 | Telephone & Telegraph ...... | 170.6 | 150.1 | 166.1 | 167.8 | 150.1 | 150.1 | 120.8 |
| 6 | Textiles .................. | 128.5 | 110.6 | 116.8 | 111.6 | 122.8 | 123.8 | 78.6 |
| 8 | Tire & Rubber .............. | 111.4 | 95.9 | 111.4h | 104.3 | 104.0 | 104.0 | 61.5 |
| 11 | Tobacco .................. | 184.6 | 170.4 | 179.5 | 174.1 | 180.9 | 195.0 | 167.8 |
| 5 | Traction ................. | 140.4 | 125.1 | 140.4 | 130.4 | 126.6 | 150.4 | 103.8 |
| 2 | Variety Stores ............. | 128.0 | 114.4 | 116.8 | 115.1 | 124.4 | 126.8 | 98.0 |

H—New HIGH record since 1925. L—New LOW record since 1925.
h—New HIGH record since 1927.




*(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)*





# Statistical Record of Business

| | Week Ended Mar. 9, '29 | Week Ended Mar. 16, '29 | Year Ago |
|---|---|---|---|
| Volume Stock Exchange Transactions (shares) | 23,000,810 | 23,247,430 | 20,580,170 |
| Average Price Magazine of Wall Street Index | 168.3 | 173.1 | 117.0 |
| Volume Bond Transactions | $51,021,900 | $46,747,200 | $70,483,300 |
| Average Price 40 Bonds | 89.32-88.91 | 88.95-88.62 | 93.01-92.48 |
| Brokers Loans (Federal Reserve) | †$5,647,000,000 | ‡$5,627,000,000 | $3,746,000,000 |
| Comm'l Loans Federal Reserve Member Banks | $8,793,000,000 | $8,850,000,000 | $8,731,419,000 |
| Federal Reserve Ratio | 69.7 | 70.7 | 74.3 |
| Gold Holdings | $2,835,592,000 | $2,860,389,000 | $2,956,717,000 |
| Rediscount Rate, N. Y. | 5% | 5% | 4% |
| Debits to Individual Accounts | †$21,080,000,000 | ‡$17,649,000,000 | $14,309,000,000 |
| Call Money | 9% | 7% | 4½% |
| Time Money (90 days) | 7¾-8% | 8% | 4½-4⅝% |
| Commercial Paper | 5½% | 5½% | 4-4¼% |
| Acceptances (90 days) | 5⅜-5¼% | 5⅜-5¼% | 3⅝-3½% |
| Dun's Business Failures | 490 | 460 | 476 |
| Weekly Food Index (Bradst's) | $3.52 | $3.47 | $3.34 |
| | Feb. 1 | Mar. 1 | Mar. 1-28 |
| Wholesale Prices (Bradst's) | 12.98 | $13.00 | $13.34 |

## Industrial Barometers

| | December | January | Year Ago |
|---|---|---|---|
| U. S. Steel Unfilled Tonnage | 3,977,000 | 4,109,487 | 4,275,947 |
| Steel Ingot Production | 4,015,434 | 4,489,391 | 3,991,332 |
| Pig Iron Production | 3,369,846 | 3,442,370 | 2,869,761 |
| Pig Iron Furnaces in Blast | 201 | 202 | 169 |
| *Copper Production (short tons) | 85,673 | 86,325 | 68,469 |
| Car Loadings | 4,413,778 | 3,570,978 | 3,448,895 |
| Automobile Production | 233,135 | 402,154 | 231,728 |
| Building Permits (Bradstreet's) | $211,730,357 | $208,505,227 | $215,906,100 |
| Petroleum Production (bbls.) | 79,448,000 | 81,979,000 | 72,713,000 |
| Bituminous Coal Production (net tons) | 43,380,000 | ...... | 41,114,000 |
| Cotton Consumption (bales) | 534,352 | 668,389 | 586,142 |
| Spindles active | 30,622,172 | 30,757,552 | 31,716,746 |
| Wool Consumption (lbs.) | 40,473,629 | 51,447,103 | 49,122,328 |
| Railroad Earnings | $94,385,667 | $77,261,598 | $56,562,283 |
| % on Railroad Property invested | 4.44 | 5.59 | 3.74 |

## Foreign Trade

| | December | January | Year Ago |
|---|---|---|---|
| Merchandise Exports | $475,000,000 | $491,000,000 | $410,778,000 |
| Merchandise Imports | $338,000,000 | $371,000,000 | $337,916,000 |
| Gold Exports | $1,636,000 | $1,378,000 | $52,086,000 |
| Gold Imports | $24,940,000 | $48,577,000 | $38,320,000 |

## Distributive Trades

| | November | December | Year Ago |
|---|---|---|---|
| Mail Order Sales index number 1923-5—100% | 176 | 208 | 167 |
| Chain Stores Sales index number 1923-5—100% | 171 | 238 | 216 |
| Dept. Store Sales index number 1923-5—100% | 122 | 187 | 186 |

* U. S. Mines. † March 6. ‡ March 13.

## TRADE TENDENCIES

(*Continued from page 937*)

makers appear in line for substantial appreciation.

Maintenance of the exceptional demands for steel which have made possible the very gratifying output records have been questioned by several authorities. It is conceded that the near-term outlook in this regard gives little justification for doubt, but the ability of a few of the consuming sources to absorb —over the longer term, as large an amount of steel as currently required, has been subjected to close scrutiny. The so-called weak spots are probably the building lines, the oil industry, and, with qualifications, the automotive trades. February total of building contracts fell off 12% from January, and 22% from the corresponding month of the preceding year. Although the greater portion of the decrease has been attributed to the residential classification, whence least structural steel demand emanates, the aggregate downward movement is impressive, and will bear watching. In the case of the oil industry, a continuance of the poor profits resulting from overproduction will no doubt cause producers to curtail purchases of new equipment to a considerable extent. The possibility of over-large output, with its normal consequences, in the automotive industry has undergone extensive discussion; it appears that the question is a perennial one, and heretofore all predictions of approaching sales decline have been proven wrong. Nevertheless, all this is said to bring the saturation point even closer, and here we have another "to-be-closely-followed" trade. With but slight exception, other consuming channels are in a strong position, and may be expected to ask for steel in undiminished volume.

Steel Corporation's unfilled tonnage report for February was somewhat of a disappointment to the industry. At 4,144,341 tons, the gain over January totaled only 34,854 tons. However, the January figure had been acknowledged unusually large, and shipments during the month of February were exceptionally heavy. The smallness of the increase might be interpreted as a further indication of the smoothing out of seasonal influences in the industry.

Pig iron has displayed more buoyancy. Production has obtained at peak levels, orders are strengthening considerably, and prices are also firming up.

Earnings statements of individual companies should, with negligible exception, reflect the favorable position of steel concomitant with record operating activity, better prices than have been procured for an extended period, and absence of any materially deterrent influences.

## AUTOMOBILES

*Output Continues Unabated*

The most startling feature of the remarkable production of automobiles in the first two months of this year is not so much the ability of manufacturers to turn out their cars in such voluminous numbers as the ability of the dealer organizations and the public to absorb the veritable flood of motor vehicles. Although misgivings have been expressed from time to time, the leaders in the field are apparently confident of their markets, while current reports reveal no ill effects in the way of oversupply.

Nevertheless, in the scramble for sales, manufacturers have of necessity cut prices to the bone. Profit margins, in the majority of instances, are exceedingly small, and especially so in the low price fields (up to $800) where net results will be predicated almost entirely upon a large turnover of product. It would therefore appear that, notwithstanding a large volume of sales for the industry as a whole, profits for individual companies will depend upon the special considerations incident to good management and efficient production and sales methods.

The question of how long the market can dispose of the volume of automobiles offered to it at current rates is difficult of response. Heretofore, new record production figures have nearly always brought on a storm of warnings and apprehension,—and, heretofore, these disastrous predictions have never materialized to any extent. Records of production in the first two months of this year, however, are so very much higher than in the preceding year, and so far above the average for the corresponding monthly periods that there may be some justification for a careful scrutiny of distributive channels.

Total two month output of both passenger cars and trucks for 1929, at 870,000, compares with 555,000, 544,000 and 673,000 in 1928, 1927 and 1926 respectively. This year's figure, then, is about 45% above the three year average for corresponding periods. Of course, the entry of Ford on a full time operating basis accounts for a goodly part of the increase, but it can easily be seen that consumption must expand extravagantly in order to "digest" the record production, particularly if the present operating schedules are maintained well into future months.

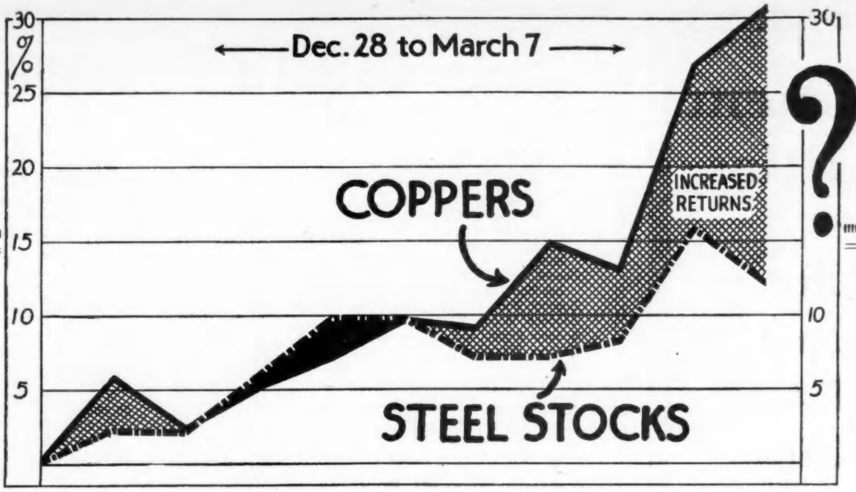
Evidently the prospects for the longer-term are not so sharply defined as to be susceptible to precise interpretation, but few grave doubts exist. From current sales and turnout, most manufacturers are apparently capable of reporting excellent profits, and if this year follows the normal in arriving at peak production attainments during the fourth and fifth month, then the current favorable aspects of the situation ought not to disappear for a while. Competition will no doubt continue to curtail earnings, but a large enough sales volume may tend to offset this influence.

## THE COMING BATTLE OF THE CHAINS

(*Continued from page 916*)

and similar rivalries are apt to be equally harmful to all concerned.

The result is apt to be a throw-back to competition in service rather than in price and we find many of the old standard chain-store policies being abandoned. Credit is extended to customers, goods are delivered, stocks are enlarged to include slower moving and more perishable goods than were formerly found on the shelves of the typical chain unit. Many of the old-time chain store advantages making for low operating costs are lost and the surviving independents find themselves




# Which Should You Buy or Hold Now—

# *Steel Stocks or Coppers?*

¶Steel stocks since the first of the year have advanced 12%, but copper stocks have advanced 31%. Here is an *increased profit* of 19%—netted by American Securities Service Clients who bought into coppers.

¶Both industries now operate at high activity. Which will *CONTINUE* operating at high activity, and show better earnings per share?

**Checking prices of these steels and coppers today as they are, which offer the best possibilities from now on?**

## *Steels - or - Coppers*

| Steels | | Coppers | |
|---|---|---|---|
| **U. S. Steel?** | **Bethlehem?** | **Anaconda?** | **Cerro de Pasco?** |
| **Cast Iron Pipe?** | **Youngstown?** | **Greene Cananea?** | **United Verde Ex.?** |
| **Colorado Fuel?** | **Ludlum?** | **Chile?** | **Calumet & Hecla?** |
| **Gulf States?** | **Inland?** | **Tennessee?** | **Magma?** |
| **Republic Iron?** | **Sloss-Sheffield?** | **Miami?** | **Granby?** |
| **A. M. Byers?** | **Am. Rolling Mill?** | **New Cornelia?** | **Kennecott?** |

¶All these stocks are treated and compared, and the whole steel and copper situation analyzed with care, in our latest Special Report on steels and coppers, prepared for our Clients. A few copies of this valuable report reserved for distribution, free—as long as the supply lasts.

***Clip Coupon at Right***

## American Securities Service

Suite 140
Norton-Lilly Building, New York

**American Securities Service**
**140 Norton-Lilly Building, New York**

Kindly send me your *"Special Steel and Copper Report,"* also copy of *"Making Profits in Securities,"* both free.

Name ..........................................

Address ..........................................

# Bonds Called for Redemption

| Company | | Maturity | Amount | Price | Redemption Date |
|---|---|---|---|---|---|
| Amalgamated Sugar Co. 1st | 7% | 1937 | $152,000 | 105 | April, 1929 |
| Argentine Gov. Conversion Loan of | 4½% | 1888–89 | $562,000 | 100 | April, 1929 |
| Argentine Nation (Gov't) ext. Ser. A. | 6% | 1957 | $239,000 | 110 | Mar., 1929 |
| Associated Oil 12-yr. nts | 6% | 1935 | $1,200,000 | 102½ | Mar., 1929 |
| Buff. Rochester & P. Ry. Ser. G | 4% | 1929 | E.I. | 100 | April, 1929 |
| Canadian Steel Fdries. 1st & coll. Tr. | 6% | 1936 | $1,219,000 | 110 | Sept., 1929 |
| Chic. & Western Indiana Ry. gen'l mtg. | 6% | 1932 | $45,000 | 105 | Mar., 1929 |
| Consol. Gas Elec. Lt. & Pr. of Balt. 1st Ref. Ser. A | 6% | 1949 | $10,531,000 | 105 | April, 1929 |
| Denver Gas & Elec. gen | 5% | 1949 | $56,000 | 105 | May, 1929 |
| Eastern Minn. Pr. 1st Ser. A | 5½% | 1945 | $315,000 | 105 | July, 1929 |
| Galena Signal Oil (Pa.) conv. Deb | 7% | 1930 | $3,877,000 | 101 | April, 1929 |
| Galena Signal Oil (Tex.) 1st | 6% | 1933 | $1,753,000 | 105 | April, 1929 |
| General Asphalt 15-yr. conv. deb | 6% | 1939 | $66,000 | 105 | April, 1929 |
| General Refractories 1st Ser. A | 6% | 1952 | $3,678,000 | 107½ | April, 1929 |
| Goodyear Fabric Corp. 1st | 6% | 1935 | $46,000 | 100 | April, 1929 |
| Illinois Elec. Po. 1st mtg. S/F Ser. A. | 6% | 1943 | $3,264,000 | 103½ | April, 1929 |
| Independent Oil & Gas conv. Deb | 6% | 1939 | $182,000 | 102½ | Mar., 1929 |
| Interstate Utilities 1st | 6% | 1939 | $944,000 | 105 | May, 1929 |
| Kelly-Springfield Tire, notes | 8% | 1931 | $5,000,000 | 110 | May, 1929 |
| Laclede Gas & Elec. Coll. Tr. Ser. A. | 7% | 1934 | $4,700,000 | 103 | April, 1929 |
| Manhattan Oil of Del. 1st ln. coll. Tr Ser. A | 6% | 1931 | $2,528,000 | 101½ | April, 1929 |
| Manhattan Oil 1st ln. coll. Tr. Ser. C. | 6% | 1932 | $275,000 | 102 | May, 1929 |
| Mid-Continent Pet. 1st mtg | 6½% | 1940 | $9,200,000 | 105 | Mar., 1929 |
| Montgomery-Ward prop. 1st gold A | 5% | 1946 | $5,577,000 | N.S. | May, 1929 |
| Mtge. Guar. Co. of Amer. 1st part ctf. Ser. A | | | V.B. | 102 | Mar., 1929 |
| Mtge. Guar. Co. of Amer. 1st part ctf. Ser. AA | | | V.B. | 102 | Mar., 1929 |
| Municipal Service 1st ln. coll. Tr. | 5% | 1942 | E.I. | 103 | Mar., 1929 |
| New York Tel. 30-yr. S. F. Deb | 6% | 1942 | E.I. | 103 | Mar., 1929 |
| Pathe Exchange, Inc., deb | 7% | 1937 | $79,000 | 109 | May, 1929 |
| Peru (Rep. of) | 5% | 1946 | $39,000 | 100 | June, 1929 |
| Rapid Trans. Street Ry. extd | 8% | 1941 | V.B. | 105 | April, 1929 |
| Spanish River Pulp & Paper mtge. ln. notes | 6% | 1929 | $493,000 | 102 | Mar., 1929 |
| Tenn. Copper & Chem. 15-yr. conv. Deb. Ser. A | 6% | 1941 | $25,000 | 105 | April, 1929 |
| Tenn. Copper & Chem. 15-yr. conv. Deb. Ser. A | 6% | 1941 | $1,525,000 | 105 | Oct., 1929 |
| Tide Water Pr. 1st l. r. Ser. C | 5% | 1929 | $5,370,000 | 100½ | Mar., 1929 |
| Tide Water Pr. 1st lien & ref. Ser. A. | 6% | 1942 | $6,796,000 | 107 | April, 1929 |
| Tide Water Pr. 1st lien & ref. Ser. B. | 5½% | 1945 | | 105 | April, 1929 |
| United States Smelt. Ref. & Mining 10-yr. nts. | 5½% | 1935 | $8,000,000 | 104 | May, 1929 |
| United States Steel 10-60 pr. S/F | 5% | 1963 | $2,999,000 | 110 | May, 1929 |
| Vicksburg, Shreveport & Pac. Ry. ref. & Imp. mtg. Ser. A | 6% | 1973 | $1,845,000 | 105 | May, 1929 |
| Wanamaker, John (Phila.) 1st g | 6% | 1932 | $10,000,000 | 100 | April, 1929 |
| Westinghouse Elec. & Mfg. 20-yr. | 5% | 1946 | $30,000,000 | 105 | Mar., 1929 |

V.B.—Various bonds. V.P.—Various prices. N.S.—Not stated. E.I.—Entire issue.
V.N.—Various notes. E.M.—Entire maturities.

again on a more equal footing with these competitors. Competition of this character among the chains themselves seems likely to end in mergers and consolidations, in fact such developments are already often taking place.

### *Chains of Different Types*

Chains of many types are now likewise coming into direct competition with chains of other types as the field becomes more and more crowded. Soda fountains flourish not only in the drug and candy chains but in the lowly five and ten. Cigarettes are sold at reduced rates by the grocery chains cutting badly into the business of the cigar store systems. The drug chains have become in fact small department stores. The competitive battle of chain against chain seems likely to become more and more lively as each type spreads out into the fields of its rivals. As a larger and larger share of the total retail business falls into the hands of the chains as a whole there must be less and less elbow room, less opportunity for all to expand at the expense of the weaker independents, and this will make for constantly keener competition among the chains themselves. The strongest will survive, the weaker will be absorbed or forced out of the race.

### *Chain Store Securities*

It must be admitted that in most sections of the country active competition of chain against chain is still in the future. There is yet room for all and growth is still rapid and easy as indicated by the current expansion of practically all strong systems in number of outlets and in sales and net income.

The investor looking to the future must, however, visualize the type and intensity of interchain competition which seems clearly approaching. This does not mean that chain store stocks should not be bought or held but it does mean that the strategic position of the various companies and their financial and competitive ability to meet the more severe tests described should from now on be regarded as increasingly important factors to be considered when selections are being made. The period of easy expansion by all chains with freedom from effective competition cannot last forever.

## MORE BONDS FOR THE BONFIRE

(*Continued from page 923*)

still outstanding about $10,000,000 of the 7% convertible debentures, all of which will probably be converted in a short time in order to take advantage of the subscription rights.

*Proceeds of New Stocks* After all the debentures have been converted and all of the Chile Copper Company stock has been exchanged for Anaconda shares there will be outstanding 5,412,526 shares of Anaconda and after exercise of the subscription rights the total will be increased to 7,577,536 shares. The funds derived from the sale of the new stock will be nearly $120,000,000, or more than sufficient for the purpose announced.

Mr. John D. Ryan, chairman of the board of directors, declined to say what dividend would be paid after the capital readjustment, but he did point out that payment of the current $7 dividend on the new stock would require about $14,000,000 annually, or about $6,000,000 in excess of the saving in interest and sinking fund requirements due to retirement of the bonds.

*Firm Basis of Prices* At the present time, with copper metal selling around 20 cents per pound and all producers operating at full capacity the industry is enjoying one of the most prosperous years in its history and indications are that the present heavy demand for copper is based on conditions which are likely to continue for some time at least so the period of high earning power for producers should continue indefinitely.

In the case of Anaconda, with all of its own funded debt eliminated and only relatively minor amounts of subsidiary obligations remaining, all earnings will belong directly to the common stockholders, there being no preferred stock. Entire ownership of the company's vast ore properties and all of its mining and refining equipment will also rest in the common stock. The recent rise in the market price of the issue reflects not only the gains in earning power resulting from the high price of the metal but the fuller realization by investors of the value of the equities back of the shares.

For Feature Articles to Appear in the Next Issue See Page 905

# Over-the-Counter

## IMPORTANT ISSUES

### Quotations as of Recent Date

| | Bid | Asked |
|---|---|---|
| Aeolian Co., pfd. (7) | 68 | 75 |
| Aeolian Weber | 10 | 20 |
| Aeolian Weber, pfd. (7) | 30 | 40 |
| Alpha Port. Cement (3) | 50 | 53 |
| Pfd. (7) | 116 | .. |
| American Book Co. (7) | 115 | 120 |
| American Cigar (8) | 137 | 143 |
| Pfd. (6) | 108 | 111 |
| Amer. Dist. Teleg. (3) | 102 | 104 |
| Co. Pfd. (7) | 113 | 115 |
| Amer. Meter Co. (5) | 119 | 122 |
| Atlas Port. Cement (2P) | 53 | 55 |
| Pfd. (2.68) | 50 | 60 |
| Babcock & Wilcox (7) | 126 | 131 |
| Bliss (E. W.) Co., 1st Pfd. (4) | 60 | .. |
| Cl. B Pfd. (0.60) | 20 | 27 |
| Bohack (H. C.) Co. New (2½) | 70 | 75 |
| 1st Pfd. (7) | 105 | 110 |
| Colt Fire Arms (2) | 38 | 40 |
| Congoleum Co. Pfd. (4) | 105 | 108 |
| Continental G. & E. | .. | .. |
| Prior Pfd. (7) | 103½ | 105 |
| Crocker-Wheeler Elec. | 260 | 280 |
| Pfd. (7) | 101 | .. |
| Detroit & Canada Tunnel | 6½ | 7 |
| Dixon (Jos.) Crucible (8) | 167 | 172 |
| Fajardo Sugar (10) | 116 | 118 |
| Franklin Rwy. Sup. (4) | 58 | 63 |
| Helme, Geo. W. (4) | 106 | 110 |
| Pfd. (7) | 123 | .. |
| Hercules Powder (new) | 115 | 120 |
| Pfd. (7) | 117 | 120 |

| | Bid | Asked |
|---|---|---|
| Knox Hat (5P) | 230 | 245 |
| Pr. Pfd. (7) | 105 | 108½ |
| Part Pfd. (4) | 57 | 64 |
| Leonard, Fitzpatrick, Mueller (1.5) | 29 | 34 |
| Pfd. (8) | 113 | 118 |
| Ludlow Valve Mfg. (3.75) | 45 | 52 |
| Manhattan Rubber (3) | 48 | 50 |
| Metropolitan Chain Stores: | | |
| New Pfd. (7) | 117 | 122 |
| National Sugar Ref. (2) | 47 | 47½ |
| Neisner Bros. Pfd. (7) | 206 | 215 |
| New Eng. Tel. & Tel. (8) | 150 | 153 |
| Phelps Dodge Corp'n (8) | 340 | 345 |
| Remington Arms | 38 | 42 |
| 1st Pfd. (7) | 98 | 100 |
| 2nd Pfd. | 98 | .. |
| Royal Baking Powder Pfd. (6) | 100 | 103 |
| Ruberoid Co. (4) | 99 | 101 |
| Savannah Sugar (8) | 127 | 130 |
| Pfd. (7) | 114 | 116 |
| Shaffer Oil & Ref. Pfd. (7) | 93 | 97 |
| Singer Mfg. Co. (10P) | 580 | 610 |
| Singer, Ltd. (¼) | 6¼ | 6½ |
| Superheater Co. (6P) | 160 | 165 |
| Wash. Ry. & Elec. (5) | 525 | 600 |
| Pfd. (5) | 98½ | 98¾ |
| White Rock 2nd Pfd. (10) | 180 | .. |
| 1st Pfd. (7) | 100 | .. |
| Woodward Iron (4) | 68 | 72 |
| Pfd. (6) | 90 | .. |

## Knox Hat Company

CONSIDERABLE interest has been manifested in Knox Hat since release of the company's earnings report for 1928. A balance of $14.62 a share was shown for the 34,309 shares of common stock, compared with $14.72 earned on 30,979 shares in 1927. Excluding business done by the Long Hat Stores and Kaskel & Kaskel, sales reached the record total of 8.33 million dollars, the gain in 1928 continuing a progressive yearly expansion which, since 1918, was interrupted but once, that being in the year 1921.

The company's history dates back to 1838 when Charles Knox set up his business of retailing men's hats. In 1860, activities were expanded to include the manufacture of men's headwear and, in 1914, the business was incorporated. With the acquisition of Dunlap & Company, another well-known manufacturer and distributor of high-grade hats, in 1919, Knox further expanded its scope. It is now regarded as one of the world's leading makers of quality hats for men and women.

Manufacturing operations are conducted in two plants in Brooklyn, N. Y., while distribution of its products under the trade-names, "Knox" and "Dunlap," is accomplished through a chain of 50 retail stores in New York, Philadelphia, Newark, Atlantic City and Baltimore. Nine more stores, situated in New York, Chicago and San Francisco, were acquired with the absorption of the Long Hat Stores two years ago. This acquisition marked a further step in the company's program of extending its retail outlets at the same time enlarging the scope of distribution by including a line of lower-priced hats. Knox's latest acquisition, Kaskel & Kaskel Co., operating stores in New York, Chicago and Palm Beach, carried the company into the men's furnishing business.

As an index of Knox Hat's growth, it may be observed that sales have nearly quadrupled since 1918, the figure for 1928 being, as already stated, 8.33 million dollars compared with 2.19 millions in 1918. Were the sales and earnings of Long and Kaskel included, it is probable that more substantial gains would be shown. In any event, net income of the parent organization has expanded in conformity with the growth of sales volume, in fact, the gain in net profits has been even greater. Thus, since 1923, sales have increased 65%, while net has gained 71% and working capital has expanded approximately 50%.

The 14,997 shares of 7% prior preference stock are obviously entitled to a high investment rating. The $3 non-cumulative participating preferred stock, of which 6,662 shares are outstanding, is receiving payments at the rate of $4 per annum, being entitled to 25 cents a share for each $1 paid on the common after the latter has received a dividend of $3 per annum. It thus partakes of some of the attractiveness of the common stock as a long term holding.

# New York Curb Market

## IMPORTANT ISSUES

### Quotations as of March 14

| Name and Dividend | 1929 Price Range High | 1929 Price Range Low | Recent Price |
|---|---|---|---|
| Aluminum Co. of Amer..... | 189 | 146 | 169 |
| Aluminum pfd. (6)......... | 107 | 103½ | 107 |
| Amer. Cyanamid "B" (1.40) | 80 | 50⅛ | 59⅞ |
| Amer. Cyanamid pfd. (6)... | 106 | 98 | 106 |
| Amer. Gas Elec. (1)‡....... | 174 | 128 | 152 |
| Amer. Super Power A (1.2)†. | 134⅛ | 62¼ | 102⅞ |
| Assoc. Gas Elec. "A" (2¼). | 61⅜ | 49¼ | 60⅛ |
| Centrif. Pipe (0.60)*........ | 13 | 9¾ | 10⅛ |
| Cities Service (1.2)†........ | 121⅞ | 88⅛ | 120⅛ |
| Cities Service Pfd. (6)†..... | 98⅝ | 96⅜ | 97⅜ |
| Cons. Gas of Balt. (3)...... | 112 | 91¼ | 95 |
| Consolidated Laundries ..... | 19⅛ | 17 | 17⅛ |
| Durant Motors† ............ | 20 | 13⅞ | 14⅛ |
| Elec. Bond Share (1)†....... | 286⅛ | 167½ | 268 |
| Elect. Investors† (3.50 stk.) | 124 | 77½ | 104½ |
| Ford Motors of Canada (15). | 890 | 625 | 816 |
| Ford Motors, Ltd. .......... | 20⅝ | 15½ | 17¾ |
| General Baking* ............ | 10⅞ | 8¼ | 8⅛ |
| General Baking Pfd.*....... | 79⅛ | 72⅛ | 74⅝ |
| Glen Alden Coal (10)†...... | 139 | 119¾ | 132½ |
| Gulf Oil (1.5)†............. | 167 | 142⅛ | 149¾ |
| Happiness Candy Stores..... | 5⅝ | 3½ | 3⅞ |
| Hecla Mining (0.60)........ | 23⅛ | 16 | 19⅞ |
| Hygrade Food Products..... | 49⅞ | 34¾ | 40 |
| International Utilities B.... | 22⅞ | 15¾ | 18⅜ |
| Insur. Securities Inc. (1.40). | 32⅞ | 29 | 30 |
| Land Co. of Florida†........ | 13 | 7⅛ | 7⅛ |
| Lion Oil Refining (2.25)*.... | 33½ | 25⅛ | 25⅛ |
| Lone Star Gas (2).......... | 74⅞ | 67 | 71⅞ |
| Metro Chain Stores......... | 89 | 74 | 80½ |
| Mountain Producers (2.60)†.. | 22⅞ | 19 | 20⅞ |
| National Fuel Gas (1)...... | 27⅜ | 25¼ | 26⅛ |
| New Mex. & Arizona Land†. | 9⅜ | 7¼ | 9 |
| New Jersey Zinc (12)....... | 325 | 279¾ | 310 |
| Nipissing Mining (30c)*..... | 3¾ | 3 | 3¼ |
| Phelps Dodge (8)........... | 375 | 199½ | 341 |
| Pittsburgh & Lake Erie (5). | 156⅞ | 143½ | 147⅞ |
| Puget Sound P. & L.†...... | 102 | 102 | 102 |
| Salt Creek Producers (3)†... | 25⅞ | 22 | 24⅜ |
| So'east Pwr. & Lt. (1)...... | 90 | 71½ | 82⅛ |
| So'east Pwr. & Lt. (4)...... | 47⅞ | 27⅝ | 38¼ |
| Stutz Motors* .............. | 34 | 18 | 22⅞ |
| Tobacco Products Export†.. | 20¾ | 19 | 19½ |
| Transcontinental Air Trans.. | 30 | 24½ | 27⅜ |
| Trans Lux .................. | 14⅞ | 5⅜ | 14⅜ |
| Tubize Artif. Silk† (10)..... | 550 | 390½ | 400 |
| Tung-Sol "A" (1.80)........ | 32 | 24⅝ | 30⅞ |
| United Gas & Improv't (4½) | 197½ | 161⅝ | 178⅛ |
| U. S. Gypsum (1.60)........ | 73 | 59⅝ | 60 |

#### STANDARD OIL STOCKS

| Name and Dividend | 1929 Price Range High | 1929 Price Range Low | Recent Price |
|---|---|---|---|
| Continental Oil ............. | 29 | 17¼ | 27 |
| Humble Oil (1.6)†........... | 105¼ | 89⅝ | 97¼ |
| International Pet. (.75)..... | 65½ | 50¼ | 52⅞ |
| Ohio Oil (2.75)............. | 74⅜ | 64⅛ | 66 |
| Standard Oil of Ind. (3.5)†.. | 103¼ | 85 | 87⅞ |
| Vacuum Oil (4)†............ | 130⅜ | 105½ | 120 |

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.

## A BUDGET PLAN THAT HAS PROVED ITS PRACTICABILITY

(*Continued from page* 941)

thousand dollars saved is kept in a separate account as an "Emergency Fund."

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The theory of some people that any amount saved from an item or items of the budget should not be carried forward from month to month, is entirely and utterly impracticable in this budget, for it is so compiled that amounts *will* be saved on individual items from month to month and carried forward in order to meet the expenses that will be more during some months than others. Not all of one's expenses can be so rigidly fixed that the same amount is required to cover each month. For instance:—More ice is used in summer than in winter; a winter coat is going to cost more than a pair or two of socks and some underwear in the summer; if you want to buy a radio, a piano, you will have to save for it bit by bit, and month by month, until the required amount is at hand; all this is why, to be practicable, a budget should be based on the *average.*

There is no heading in this budget covering the expense of running an automobile, supposing that we wished to take money from the bank or from stocks to purchase one without going into the budget, for we have found that our living expenses are higher in our present location than at any other place where we have lived. We personally prefer to employ a competent maid than to run an automobile, where it is necessary to choose between the two; although for at least half of the time, we have had a light inexpensive car and maid service also. That was in a locality of reasonable market prices, lower milk prices, lower wages. So with other items in other localities, allowing greater amounts where needed, or less where not, as the case might be. Our travel expenses are taken from wherever they can best be spared. Free medical attention and medicines for the husband, and to a lesser extent for the rest of the family, is contingent to the husband's position and salary, so there is no specified heading for such items in this budget. Cost of extra medical services and medicines has to come from an emergency fund, when the personal allowances cannot care for it. Except in two instances when there were very heavy hospital and physicians' expenses, the individual personal allowances have covered the occasional doctor's fee.

Thus, while no two families have exactly the same income or the same requirements, it should not be difficult for anyone to pattern their budget on the principles of this one, the advantage of which is its flexibility. If each would-be budgeteer will keep a careful record of all expenditures over as long a period as possible and strike a yearly and monthly average, he will have a practical, every-day budget that will work under any conditions.

## SOUTHEASTERN POWER & LIGHT COMPANY

(*Continued from page 929*)

000 horsepower and will utilize the regulated flow of the Tallapoosa River after its use at Martin Dam.

Work is in progress on the raising of the dam at Lower Tallassee so as to increase the operating head from 60 to 90 feet. This plant should be completed and in service sometime this year with an installed capacity of 72,000 horsepower, the ultimate capacity to be 108,000 horsepower. When this plant is completed, the utilization of the waters of the Tallapoosa River at the several plants will provide one of the outstanding examples of the use of regulated water flow and practically complete utilization of stream fall.

In order further to meet the requirements of the growing load, the construction of a steam electric plant was undertaken at Gorgas on the Warrior River in Alabama. The design of this plant will permit an ultimate capacity of 320,000 horsepower, but the first unit is 80,000 horsepower, beginning operations this year. The coal properties owned by the Southeastern Fuel Company, a subsidiary, are capable of development to provide the fuel requirements of the present plant and the new plant over an indefinite period of time.

The rapid development of the generating facilities has been paralleled by the development of the transmission and distributing system of the company in such a manner as to convey electric power to the customers with efficiency and economy. To this end and to conserve the capital investment in facilities extensive work has been done to connect, coordinate, standardize, and unify the existing facilities and operation of the various subsidiary operating companies. In several cases local steam plants have been discontinued and the load is now carried from the interconnected transmission system. In the system's expansion program, a comprehensive scheme has been followed so that all the elements of the interconnected transmission system are capable of taking care of the larger demands for power as needed. The kilowatt hour output of the system in 1927 was 2,215,946,923, an increase of 12.6% over the preceding year. It has been estimated that by 1940, the territory's requirements will call for an output of 7,000,000,000 kilowatt hours or three and one half times the present output.

In the extreme northwestern corner of Alabama is located the Muscle Shoals project of the United States Government. No final disposition of this project has yet been made, but because of the great seasonal variations in the stream flow characteristic of this section of the country, causing a similar variation in the output capacity of the plant, the project can only be

# San Francisco Stock Exchange

THIS table is published regularly for the convenience of those of our subscribers and readers who are, or may be, interested in leading Pacific Coast securities.

## Bank and Public Utility Stocks

| | Div. Rate | 1929 High | 1929 Low | Last Sale March 14 |
|---|---|---|---|---|
| Anglo & London Paris Nat. Bank | $10.00 | 269½ | 252½ | 266 |
| American Company | 4.00 | 150½ | 139½ | 145 |
| Great Western Power Pfd | 7.00 | 107⅛ | 105½ | 106½ |
| Pacific Lighting | 3.00 | 84¾ | 70 | 81¼ |
| Pacific Telephone & Tel. Pfd | 6.00 | 129 | 121 | 126½ |
| Pacific Gas & Elec | 2.00 | 67⅜ | 54 | 57⅞ |
| Pacific Gas & Elec. Pfd | 1.50 | 28 | 26½ | 26½ |

## Industrial and Miscellaneous

| | Div. Rate | 1929 High | 1929 Low | Last Sale March 14 |
|---|---|---|---|---|
| Atlas Imperial Diesel Engine "A" | 1.50 | 65½ | 54½ | 59 |
| Byron Jackson Pump Company | 1.60 | 86½ | 35 | 35 |
| California Packing | 4.00 | 81¼ | 73⅜ | 77 |
| Caterpillar Tractor | 3.00 | 80¾ | 73½ | 75⅛ |
| Clorox Chemical Company | ... | 50½ | 40½ | 42½ |
| Crown-Zellerbach Corp. cm. vtc | ... | 25⅛ | 22 | 23⅞ |
| Crown-Zellerbach Corp. 5% Pfd | 5.00 | 96 | 92 | 94¾ |
| Dairy Dale Company "A" | 1.50 | 30½ | 23¼ | 29 |
| Dairy Dale Company "B" | 0.75 | 26½ | 17½ | 23¼ |
| Firemen's Fund Insurance | 5.00 | 151 | 104⅝ | 106⅜ |
| Foster & Kleiser (cm) | 1.00 | 12½ | 11 | 11⅛ |
| Golden States Milk Prod | 1.60 | 59½ | 52½ | 56 |
| Hale Brothers | 2.00 | 24½ | 21½ | 24 |
| Hawaiian Coml. Sugar | 3.00 | 53 | 50⅛ | 51¼ |
| Hawaiian Pineapple | 1.80 | 62½ | 59⅞ | 60⅛ |
| Home Fire & Marine | 1.60 | 46½ | 40⅛ | 40⅛ |
| Honolulu Cons. Oil | 2.00 | 38½ | 35¼ | 37¼ |
| Illinois Pacific Glass "A" | 2.00 | 47 | 40 | 40½ |
| Kolster Radio Corp | ... | 79½ | 56 | 62½ |
| Magnavox Co. | None | 13⅛ | 7 | 8¾ |
| North American Oil | 3.60 | 38 | 20 | 23¾ |
| Oliver United Filters, Inc., "A" | 2.00 | 46 | 38 | .. |
| Oliver United Filters, Inc., "B" | ... | 45 | 36 | 38⅝ |
| Paraffine Common | 3.00 | 88½ | 81¾ | 83¾ |
| Richfield Cons. Oil | 1.00 | 48⅞ | 39¾ | 45 |
| Schlesinger A Common | 1.50 | 21 | 18¼ | 18½ |
| Shell Union Oil | 1.40 | 29 | 26 | 26½ |
| Standard Oil of Calif | 2.50 | 72¼ | 64⅛ | 71⅜ |
| Union Oil Associates | 1.99 | 51¼ | 44⅝ | 50⅛ |
| Union Oil of California | 2.00 | 52 | 46¼ | 50¼ |
| Yellow & Checker Cab "A" | 4.00 | 53 | 50⅛ | 50½ |

operated economically when done so in conjunction with a large coordinated system. Under an arrangement subject to termination at any time by the United States, Alabama Power Co., a subsidiary of Southeastern Power & Light Co., purchases power generated at the Wilson Dam, Muscle Shoals. The total payments to the United States for 1927 on account of the lease of the Government facilities and the purchase of power were $1,328,524.

The capital structure of the Southeastern Power & Light Company system as a whole is a well balanced one with the holding company having a large equity in the subsidiary companies. The latest figures available shows total securities outstanding at $419,559,926, of which the holding company securities amounted to $184,110,070 and the subsidiary companies' to $235,449,856. The securities of the subsidiary companies were divided into $183,983,303 bonds and $50,335,085 preferred stocks, while minority interests in common stocks and surplus of subsidiaries was carried at $1,111,468.

Southeastern Power & Light Company itself had outstanding $41,491,000—6% Gold Debenture Series "A" due 2025; three series of preferred stocks, all of no par value but with liquidating value of $100, consisting of 101,000 shares of $7 series, 20,945 shares of $6 series, and 428,674 shares of $4 series; 2,117,138 shares of no par common stock, and in addition 479,378 option warrants, each giving the right to purchase one share of common stock at $50 per share. A considerable portion of the option warrants may have been

exercised as the market price of the common has for some time been higher than the option price.

The future financing policy of the company, as recently announced officially, will be based on maintaining the balance between the holding company and the subsidiary companies, so that a considerable part of the new capital required through the growth of the system will probably be raised by issuing holding company securities in order to maintain the equity in the subsidiaries. This probably means valuable rights accruing to the common stockholders from time to time.

*Earnings Increasing*

Since its corporation in 1924 under the laws of Maine, Southeastern Power & Light Company has had a remarkable expansion in earnings. In that year, Southeastern had a gross of $9,810,829 and net after operating expenses, maintenance, taxes, renewals and replacements of $4,911,649. Through acquisitions and development of its territory, gross by 1927 had increased to $41,669,252 and net to $21,069,971. Continuation of the growth of the company during 1928 is reflected in the earnings reported for the 12 months ended Sept. 30th with gross at $44,940,310 and net at $22,585,501, increases respectively of 11.8% and 26.1% over the preceding 12 months' period when earnings were on a comparable basis. From these ratios it is apparent that the additional business is being done at a lower proportionate cost, an exceedingly favorable factor with respect to the common stock to which these savings accrue, particularly in view of the tremendous growth possibilities of the territories served. Such growth as has already come to the company in the last few years is reflected in the rising per share earnings on the common stock. For the full year 1928, according to preliminary announcement of the company, net earnings after all charges including liberal allowance for depreciation were equivalent to $3.45 comparing with $2.93 in 1927 and $2.29 in 1926. The dividend policy of the company has recently been changed. Formerly, a cash disbursement of $1.00 annually per share was made, but now the dividend will be paid in stock at the rate of one one-hundredth share quarterly, or one twenty-fifth share per annum. This policy will allow the company to retain a greater amount for reinvestment in its subsidiaries, thereby increasing the equity behind the common stock.

Southeastern Power & Light Company common stock is currently selling for about 83 or approximately 24 times the current earnings. The stock has risen sharply over the last year and at its present price is undoubtedly discounting the future growth possibilities for some time in the future. The prospects of steadily increasing earnings, however, are excellent as the company occupies an exceptionally strategic position in a territory of great promise.

ANNUAL REPORT OF

# THE NATIONAL CASH REGISTER COMPANY

## FOR THE YEAR 1928

Dayton, Ohio, March 9, 1929.

TO THE STOCKHOLDERS:

Appended hereto are the certified Balance Sheet of your Company as at December 31, 1928, and statements of income and surplus for the year.

### EARNINGS FOR YEAR

The net earnings of The National Cash Register Company and its wholly-owned subsidiaries for the year ended December 31, 1928, after deducting all expenses incident to operations, including repairs and maintenance, and adequate provision for depreciation and taxes, including reserve for Income taxes, were $7,817,571.49, equivalent to $5.21 per share on the combined Class "A" and Class "B" stock, or 2.36 times the amount required to pay the preferential dividend of $3.00 per share on the Common "A" stock. Dividends of $4.00 per share on both classes of stock were paid for the year 1928.

The net earnings of $7,817,571.49 for the year 1928 are comparable with the net earnings of $7,044,642.27 for the year 1927. Both sales and earnings show an increase over the preceding year.

### FINANCIAL POSITION

Cash, United States Treasury Certificates and Demand Loans amounted to $6,683,413.73 at the close of the year as compared with $5,292,979.11 at the beginning of the year.

The current assets amounted to $34,148,223.13 as compared with current liabilities of $7,310,331.67, or a ratio of 4.67 to one.

Additions to the property, plant and equipment account amounted to $1,874,737.65 and depreciation amounting to $1,254,185.36 was written off.

The investment in foreign companies and branches stands at $11,555,731.34, the amount of their net tangible assets.

The balance sheet item "Patents, Good-Will and Other Intangible Assets" was reduced from $1,683,335.31 to the nominal amount of $1.00, the difference having been charged against surplus.

### GENERAL

On January 31, 1929, the company acquired more than 99% of the outstanding stock of The Ellis Adding-Typewriter Company, by the issuance of 30,000 shares of Common "A" stock and the payment of approximately $4,000,000 in cash. In connection with this purchase, an additional 60,000 shares were offered to stockholders for subscription at $60.00 per share, so that the outstanding Common "A" stock of this Company as at January 31, 1929, amounted to 1,190,000 shares as compared with 1,100,000 shares at the end of the year 1928. The outstanding Common "B" stock remains the same at 400,000 shares.

The purchase of The Ellis Adding-Typewriter Company places your Company in a position to extend its activities and meet a large demand which its present products cannot fill.

Your company has been engaged for many years in developing accounting machines. Only in the last few years have certain models been introduced to the trade. We anticipate that the sales of accounting machines, including the Ellis machines and new machines in development at our factory, will materially increase sales and profits in the future.

The complete line of cash registers for retail store trade is constantly being improved. The Company plans to introduce several new types of registers during the current year.

The outlook for an increasing foreign and domestic business is promising.

The year opens with inventories normal and the Company in sound financial condition, with no funded debt or outstanding bank loans or notes payable.

FREDERICK B. PATTERSON, President.

### INCOME ACCOUNT
For the Year Ended December 31, 1928

| | |
|---|---|
| Sales (including sales of foreign subsidiary companies and branches) | $48,978,285.80 |
| Profits from all sources for the year ended December 31, 1928, including profits of foreign subsidiary companies and branches, before depreciation | $9,887,637.32 |
| Provision for depreciation of plant and equipment | 1,254,185.36 |
| Profit from operations | $8,633,451.96 |
| Add—Miscellaneous income | 346,730.69 |
| Together | $8,980,182.65 |
| Deduct: | |
| Provision for Income Taxes (Domestic and Foreign) | 1,162,611.16 |
| Net profit for the year | $7,817,571.49 |

### STATEMENT OF SURPLUS
For the Year Ended December 31, 1928

| | | | |
|---|---|---|---|
| Balance at January 1, 1928 | | | $4,557,370.24 |
| Net Profit for the year ended December 31, 1928, as per Income Account above | | | 7,817,571.49 |
| Reserves for contingencies not required and transferred to Surplus | | | 683,334.31 |
| Together | | | $13,058,276.04 |
| Deduct: | | | |
| Dividends declared | | | |
| On Common "A" Stock | $4,400,000.00 | | |
| On Common "B" Stock | 1,600,000.00 | $6,000,000.00 | |
| Patents, Good-will, etc., written off | | 1,683,334.31 | 7,683,334.31 |
| Surplus at December 31, 1928, as per Balance Sheet | | | $5,374,941.73 |

### BALANCE SHEET DECEMBER 31, 1928
ASSETS

| | | | |
|---|---|---|---|
| CURRENT ASSETS: | | | |
| Cash in Bank and on Hand | $2,208,413.73 | | |
| United States Certificates of Indebtedness and Demand Loans | 4,475,000.00 | | |
| | | $6,683,413.73 | |
| Customers' accounts receivable: | | | |
| Installment accounts (customers) | $15,711,240.87 | | |
| Other accounts (customers) | 2,007,154.73 | | |
| | | 17,718,395.60 | |
| Agents' balances and miscellaneous accounts | | 1,809,899.66 | |
| Inventories at cost or market, whichever is lower | | 7,936,514.14 | |
| | | | $34,148,223.13 |
| PREPAID INSURANCE, ETC. | | | 164,945.41 |
| INVESTMENT IN FOREIGN SUBSIDIARY COMPANIES AND BRANCHES, as per statement attached | | | 11,555,731.34 |
| PROPERTY, PLANT AND EQUIPMENT, at book values, less depreciation (Sound values at December 31, 1925, as appraised by American Appraisal Company exceeded the book value at that date by $15,721,796.05) | | | 6,989,224.58 |
| PATENTS, GOOD-WILL AND OTHER INTANGIBLE ASSETS | | | 1.00 |
| | | | $52,858,125.46 |

LIABILITIES

| | | |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Accounts payable, trade and miscellaneous | $807,698.80 | |
| Agents' balances and prospective commissions | 1,679,737.02 | |
| Accrued taxes | 1,034,073.41 | |
| Dividends declared (payable January, 1929) | 3,525,000.00 | |
| Customers' deposits | 263,822.44 | |
| | | $7,310,331.67 |
| RESERVES for contingent losses on receivables, future collection expenses and contingencies | | 2,316,716.98 |
| CAPITAL AND SURPLUS: (Represented by 1,100,000 shares common "A" stock and by 400,000 shares common "B" stock, both of no par value) | | |
| Capital | $37,856,135.08 | |
| Surplus | 5,374,941.73 | |
| | | 43,231,076.81 |
| | | $52,858,125.46 |

### COMBINED STATEMENT OF ASSETS AND LIABILITIES OF FOREIGN SUBSIDIARY COMPANIES AND BRANCHES AS AT DECEMBER 31, 1928
(At current rates of exchange)

ASSETS

| | | |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash | $708,083.22 | |
| Marketable securities | 11,031.25 | |
| Customers' accounts receivable | 8,862,472.32 | |
| Agents' balances and miscellaneous accounts | 530,323.60 | |
| Inventories of registers, raw materials, supplies and repair parts (after deducting inter-company profit) | 3,313,434.33 | |
| | | $13,425,344.72 |
| PREPAID FREIGHT AND DUTY, ETC. | | 117,308.68 |
| PROPERTY, PLANT AND EQUIPMENT, at book value, less depreciation | | 735,747.98 |
| Total assets | | $14,278,401.38 |

LIABILITIES AND RESERVES

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES: | | | |
| Accounts payable, trade and miscellaneous | $117,276.88 | | |
| Agents' balances and prospective commissions | 880,436.10 | | |
| Provisions for taxes, insurance, etc. | 629,791.91 | | |
| Customers' deposits | 341,529.09 | | |
| | | $1,969,033.98 | |
| Reserves for contingent losses on receivables and other contingencies | | 753,636.06 | |
| Total liabilities and reserves | | | $2,722,670.04 |
| Net assets of foreign subsidiary companies and branches as per balance sheet | | | $11,555,731.34 |

### AUDITOR'S CERTIFICATE

We have examined the books and accounts of The National Cash Register Company at the head office in Dayton, Ohio, for the year ending December 31, 1928, and have had produced to us properly authenticated returns from the foreign subsidiary companies and branches and we certify that the foregoing balance sheet and relative income account and statement of surplus are correctly prepared therefrom and, in our opinion, fairly state the financial position of the company as at December 31, 1928, and the results of the operations for the year.

PRICE, WATERHOUSE & CO.

56 Pine Street, New York, N. Y., February 28, 1929.

**Officers:** F. B. Patterson, President and Chairman Board of Directors; J. H. Barringer, Vice-President and General Manager; S. C. Allyn, Treasurer; E. M. Kuhns, Secretary.

**Directors**

**F. B. Patterson, Chairman**

**J. H. Barringer**
Vice-President and General Manager

**S. C. Allyn**
Treasurer

**Karl H. Behr**
Dillon, Read & Co., New York, N. Y.

**Walter H. Bennett**
Vice Chairman, Irving Trust Co., New York, N. Y.

**Wm. Hartman**
Factory Manager

**J. C. Haswell**
President, The Dayton Malleable Iron Co., Dayton, Ohio

**S. W. Howland**
Root, Clark, Buckner, Howland and Ballantine, New York, N. Y.

**E. M. Kuhns**
Secretary

**W. T. McIntire**
Dominick & Dominick, New York, N. Y.

**C. E. Steffey**
General Sales Manager

**Transfer Agents**

*Common Class A Stock*

**Central Union Trust Co. of New York**
80 Broadway, New York, N. Y.

**First Trust and Savings Bank**
Chicago, Ill.

*Common Class B Stock*

**The Dayton Savings and Trust Co.**
Dayton, Ohio

**Registrars**

*Common Class A Stock*

**National Park Bank**
214 Broadway, New York, N. Y.

**Northern Trust Co.**
Chicago, Ill.

*Common Class B Stock*

**The Dayton Savings and Trust Co.**
Dayton, Ohio

# Financial Personalities

FOLLOWING the Federal Reserve Board's warning to member banks to exert their influence to curb the use of funds for speculative purposes, voices throughout the country have been raised in approbation or disapproval. George W. Norris, governor of the Federal Reserve Bank of Philadelphia, immediately responded by calling upon the member banks to co-operate. Paul M. Warburg, chairman of the International Acceptance Bank and one of the creators of the Federal Reserve Act, remarked that the Reserve Board must go much further if it is to regain its leadership. He frankly asserted that credit control is in the hands of Stock Exchange operators who have "for many months governed the flow of money not only in the United States but in the principal marts of the world."

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JAMES S. ALEXANDER, now chairman of the board of the National Bank of Commerce, has become chairman of the $2,000,000,000 bank formed by the consolidation of the National Bank of Commerce and the Guaranty Trust Company. Charles S. Sabin, chairman of the Guaranty, to whom a large share of credit is given for making the merger possible, is vice chairman. William C. Potter, president of the Guaranty Trust, is president, and Thomas W. Lamont, chairman of the executive committee.

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JOHN E. ZIMMERMANN has been elected president of the United Gas Improvement Company to succeed Arthur W. Thompson, whose resignation was accepted last month. Mr. Zimmermann will continue as chairman of the executive committee to which office he was elected last December.

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E. R. MARSHALL, president of the Old Colony Corporation of Boston, introduced last month to the financial public "The Colonist," an attractive magazine published by the Old Colony Corporation. Its plan is to touch upon the "romantic highlights of modern business," as well as to tell something of the work of its parent company.

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JOHN J. PELLEY, president of the Central of Georgia Railway, has been elected president of the New York, New Haven & Hartford Railroad Company to succeed the late F. J. Pearson.

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HARRIS, FORBES & COMPANY created an enviable record during the past year by participating in the largest number of new bond issues, by heading the largest total of syndicates, and by topping the list of public utility offerings which showed the highest figure of any of the several groups.



# MARKET STATISTICS

| | N. Y. Times 40 Bonds | Dow, Jones Avgs. 20 Indus. | Dow, Jones Avgs. 20 Rails | N. Y. Times 50 Stocks High | N. Y. Times 50 Stocks Low | Sales |
|---|---|---|---|---|---|---|
| Thursday, February 28 | 89.32 | 317.41 | 155.49 | 249.65 | 244.97 | 4,971,250 |
| Friday, March 1 | 89.36 | 321.18 | 158.62 | 252.05 | 247.34 | 6,021,300 |
| Saturday, March 2 | 89.28 | 319.12 | 158.46 | 250.55 | 247.59 | 2,473,480 |
| Monday, March 4 | 89.32 | 313.86 | 157.20 | 249.53 | 245.16 | 4,557,300 |
| Tuesday, March 5 | 89.30 | 310.20 | 157.03 | 248.45 | 243.13 | 4,430,000 |
| Wednesday, March 6 | 89.23 | 305.20 | 155.22 | 245.20 | 239.47 | 4,486,600 |
| Thursday, March 7 | 89.23 | 308.99 | 155.80 | 243.55 | 239.48 | 3,633,460 |
| Friday, March 8 | 89.08 | 311.59 | 155.37 | 244.32 | 239.62 | 3,945,400 |
| Saturday, March 9 | 88.91 | 311.61 | 154.82 | 244.21 | 241.40 | 1,948,050 |
| Monday, March 11 | 88.95 | 305.75 | 153.85 | 242.54 | 239.04 | 3,626,850 |
| Tuesday, March 12 | 88.71 | 306.14 | 153.46 | 241.32 | 237.89 | 3,061,750 |
| Wednesday, March 13 | 88.62 | 310.29 | 153.55 | 243.09 | 239.71 | 3,330,050 |

# Latest Reported Earning Position of Leading Companies

THIS department inaugurated with this issue gives the earning position of all companies, in which there is a public security interest whose reports have recently been received. The table will thus afford the investor a continuous and up to date record and should prove of considerable value in portraying the earning position of the company in relation to its proprietary investment, the common stock outstanding and to its current market price.

| | Period of Report | Earned per Dollar of Net Worth | Earned per Share Common | % Earned per Share on Market Price Mar. 11, '29 | Dividend Rate |
|---|---|---|---|---|---|
| Abitibi Power & Paper, Ltd. | 1928 | .02 | 1.33 | 3 | — |
| Ahumada Lead | 1928 | (d) | (d) | (d) | — |
| Alaska Juneau Gold Mining | 1928 | .05 (c) | .54 (c) | 7 (c) | — |
| Amalgamated Leather | 1928 | .02 | (d) | (d) | — |
| American Bank Note | 1928 | .15 | 4.26 | 3 | 2 (a) |
| American Brown Boveri | 1928 | .03 | 1.04 | 5 | — |
| American Cigar | 1928 | .09 | 12.11 | 8 | 8 |
| American Hawaiian Steamship | 1928 | .03 | .81 | 3 | 1 |
| American La France & Foamite | 1928 | .03 | .01 | 0 | — |
| American Locomotive | 1928 | .04 | 1.92 | 2 | 8 |
| American Railway Express | 1928 | NR | 6.70 | 4 | 6 |
| American Safety Razor | 1928 | .07 | 5.44 | 8 | 4 (a) |
| American Smelting & Refining | 1928 | .11 | 8.24 | 7 | 4 |
| American Steel Foundries | 1928 | .06 | 3.01 | 4 | 3 |
| American Stores | 1928 | NR | 3.32 | 4 | 2 (a) |
| American Woolen | 1928 | (d) | (d) | (d) | — |
| Armstrong Cork | 1928 | NR | 3.50 | 5 | 1.50 |
| Art Metal Construction | 1928 | NR | 2.33 | 8 | 1½ |
| Atlantic Gulf & West Indies | 1928 | NR | 0 | — | — |
| Atlantic Refining | 1928 | .14 | 7.92 | 14 | 1 (a) |
| Autostrop Safety Razor | 1928 | .16 | 2.62 | 6 | 3 |
| Barnet Leather | 1928 | (d) | (d) | (d) | — |
| Barnsdall Corporation | 1928 | .08 | 3.13 | 7 | 2 |
| Beech Nut Packing | 1928 | .19 | 6.51 | 7 | 3 |
| Bohack (H. C.) | 1928 | .07 | 4.04 | 5 | 2.50 |
| Borden Co. | 1928 | .10 | 9.07 | 5 | 6 |
| Borg Warner | 1928 | .31 | 10.64 | 0 | 4 |
| Bristol-Myers | 1928 | NR | 7.95 | 8 | 4 |
| Brunswick Balke Collender | 1928 | .09 | 5.84 | 1 | 3 |
| Bucyrus Erie | 1928 | .10 | 2.42 | 6 | 1 |
| Butterick Co. | 1928 | .03 | 2.32 | 7 | — |
| Calumet & Arizona | 1928 | .10 | 9.22 | 7 | 6 |
| Canada Dry Ginger Ale | 1928 | .49 | 6.10 | 7 | 4 |
| Celanese Corporation | 1928 | .07 | .74 | 2 | — |
| Century Ribbon Mills | 1928 | .01 | 0 | 0 | — |
| Chandler-Cleveland Motors | 1928 | (d) | (d) | (d) | — |
| Chesapeake Corporation | 1928 | NR | 4.17 | 5 | 3 |
| Chicago Pneumatic Tool | 1928 | .08 | 13.53 | 41 | — |
| Consolidated Laundries | 1928 | .17 | 1.55 | 9 | — |
| Consolidated Retail Stores | 1928 | NR | 3.28 | 9 | 1 |
| Consolidation Coal | 1928 | (d) | (d) | (d) | 0 |
| Corn Products Refining | 1928 | .12 | 4.52 | 5 | 2 (a) |
| Coty, Inc. | 1928 | .51 | 3.09 | 5 | 2 (a) |
| Crown Zellerbach Corp. | 9 mos. | NR | 1.48 | 7 | 1 |
| Curtiss Aeroplane & Motor | 1928 | .13 | 4.12 | 3 | 1 |
| Cuyamel Fruit | 1928 | .08 | 5.22 | 6 | — |
| Dictaphone Corporation | 1928 | NR | 4.87 | 9 | 2 |
| Doehler Die Casting | 1928 | .11 | 3.19 | 9 | — |
| Electric Auto-Lite | 1928 | NR | 8.41 | 5 | 4 (a) |
| Evans Auto Loading | 1928 | .18 | 3.80 | 6 | 2½ |
| Fair (The) | 1928 | .13 | 3.70 | 8 | 2.40 |
| Federal Mining & Smelting | 1928 | .10 | 24.15 | 9 | 7 |
| Federal Motor Truck Co | 1928 | .09 | 1.10 | 6 | .80 |
| Fisk Rubber | 1928 | (d) | (d) | (d) | — |
| Follansbee Brothers | 1928 | .13 | 7.53 | 11 | 2 (a) |
| Freshman (Chas.), Inc. | 1928 | (d) | (d) | (d) | — |
| General Cable Co. | 1928 | .11 | 2.90 | 5 | — |
| General Refractories | 1928 | .08 | 6.11 | 8 | 3 |
| Goodrich (B. F.) Co. | 1928 | .04 | 1.50 | 2 | 4 |
| Grand (F. W.) Stores | 1928 | .15 | 3.87 | 4 | 1 |
| Gulf States Steel | 1928 | .04 | 6.28 | 8 | 2 |
| Houston Oil | 1928 | .04 | 5.11 | 6 | — |
| Howe Sound | 1928 | .15 (c) | 5.34 (c) | 7 (c) | 4 |
| Humble Oil | 1928 | .13 | 6.50 | 7 | 1.20 (a) |
| Illinois Pipe Line | 1928 | .15 | 21.68 | 7 | 20% |
| International Cement | 1928 | .15 | 7.90 | 8 | 4 |
| International Nickel | 1928 | .14 | 1.05 | 1 | 4 |
| International Silver | 1928 | .07 | 13.54 | 9 | 6 (a) |
| Kaufmann Dept. Stores, Inc. | 1928 | .06 | 2.12 | 7 | 1½ |
| Keith-Albee-Orpheum | 8 mos. | (d) | (d) | (d) | — |
| Knight (B. B. & R.) | 1928 | (d) | (d) | (d) | — |
| Loft, Inc. | 1928 | .02 | .29 | 4 | — |
| Ludlum Steel | 1928 | .15 | 4.34 | 6 | 2 |

*(Please turn to page 975)*

# Latest Reported Earning Position of Leading Companies

(*Continued from page 974*)

| | Period of Report | Earned per Dollar of Net Worth | Earned per Share Common | % Earned per Share on Market Price Mar. 11, '29 | Dividend Rate |
|---|---|---|---|---|---|
| Manhattan Electrical Supply | 1928 | (d) | (d) | (d) | — |
| Marlin Rockwell | 1928 | .30 | 6.94 | 9 | 2 |
| McCrory Stores | 1928 | .11 | 6.17 | 6 | 2 |
| McKesson & Robbins | 1928 | .11 | 3.70 | 6 | 1.60 |
| Midland Steel Products | 1928 | .16 | 9.32 | 9 | 4 (a) |
| Miller Rubber Company | 1928 | (d) | (d) | (d) | — |
| Motion Picture Capital | 1928 | .08 | .80 | 2 | — |
| Motor Products | 1928 | .32 | 19.10 | 0 | 2 |
| Murray Corporation | 1928 | .09 | 3.33 | 4 | — |
| National Acme | 1928 | .15 | 2.41 | 7 | 1 |
| National Cash Register | 1928 | .17 | 5.21 AB | 4 | 3 (a) |
| National Distillers | 1928 | .03 | 0 | 0 | — |
| National Radiator | 1928 | (d) | (d) | (d) | — |
| Neisner Bros. | 1928 | .16 | 5.10 | 3 | — |
| New York Air Brake | 1928 | .06 | 2.98 | 6 | 3 |
| Newberry (J. J.) | 1928 | .13 | 4.62 | 4 | 1.60 |
| Niles Bement Pond | 1928 | .04 | 2.47 | 6 | — |
| North American Cement | 1928 | .02 | 3.51 | — | — |
| Orpheum Circuit | 1928 | (d) | (d) | (d) | — |
| Otis Steel | 1928 | .13 | 3.15 | 7 | — |
| Penney, J. C. | 1928 | NR | 14.12 | 4 | 6 |
| Penick & Ford | 1928 | .10 | 2.56 | 5 | — |
| Peoples' Drug Stores | 1928 | NR | 4.74 | 6 | 1 |
| Phillips Petroleum | 1928 | .07 | 2.48 | 6 | 1½ (a) |
| Photomaton, Inc. | 1928 | NR | 2.42 AB | 11 | — |
| Postum Co. | 1928 | .30 | 3.10 | 4 | 3 |
| Prairie Pipe Line | 1928 | .15 | 4.88 | 9 | 4 (a) |
| Radio Corp. of America | 1928 | .37 | 15.98 | 3 | — |
| Raybestos Company | 1928 | .18 | 9.60 | .12 | 3.20 |
| Reis (Robert) & Co | 1928 | (d) | (d) | (d) | — |
| Reo Motor Car Company | 1928 | .16 | 2.54 | 9 | .80 (a) |
| Reynolds Spring | 1928 | 0 | (d) | (d) | — |
| Richfield Oil | 1928 | .11 | 4.65 | 11 | 2 |
| Richmond Radiator | 1928 | .06 | 1.35 | 7 | — |
| Rio Grande Oil | 1928 | .04 | 1.37 | 4 | — |
| Seagrave Corp. | 1928 | .12 | 2.26 | .12 | 1.20 |
| Shattuck Denn Mining | 1928 | (d) | (d) | (d) | — |
| Shattuck (F. G.) | 1928 | .18 | 6.25 | 5 | 2 |
| Sikorsky Aviation | 14 wks. | NR | .02 | 0 | — |
| Simms Petroleum | 1928 | .02 | .41 | 2 | 1.60 |
| Smith (L. C.) & Corona | 1928 | NR | 3.73 | 8 | 3 |
| Spear & Co. | 1928 | .05 | 1.13 | — | — |
| Spicer Mfg. Corp. | 1928 | .22 | 7.12 | 12 | — |
| Standard Oil of California | 1928 | .08 | 3.66 | 5 | 2½ |
| Standard Oil of Indiana | 1928 | .16 | 8.33 | 9 | 2½ (a) |
| Standard Sanitary Mfg | 1928 | .17 | 2.58 | 5 | 1.68 |
| Stromberg-Carburetor Corp. | 1928 | .13 | 6.93 | 11 | 3 |
| Studebaker Corp. | 1928 | .12 | 7.16 | 8 | 5 (a) |
| Sun Oil | 1928 | .08 | 3.92 | — | 1 (a) |
| Texas Corp. | 1928 | .12 | 5.34 | 9 | 3 |
| Thompson (John R.) | 1928 | .10 | 4.80 | 9 | 3.60 |
| Timken Roller Bearing | 1928 | .33 | 11.43 | .14 | 3 |
| Transcontinental Air Transport | 7 mos. | 0 | 0 | 0 | — |
| Transcontinental Oil | 1928 | .03 | .10 | 1 | — |
| Truax-Traer Coal | 1928 | .10 | 1.65 | 6 | 1.60 |
| Truscon Steel | 1928 | .13 | 3.13 | 6 | 1.20 (a) |
| Union Carbide & Carbon | 1928 | .14 | 11.15 | 5 | 6 |
| Union Tank Car | 1928 | .07 | 8.78 | 6 | 5 |
| United States Distributing | 1928 | .05 | .28 | 2 | — |
| United States Radiator | 1928 | NR | 1.20 | 2 | 2 |
| United States Realty | 9 mos. | NR | 4.70 | 5 | 4 |
| United States Rubber | 1928 | (d) | (d) | (d) | — |
| Van Raalte, Inc. | 1928 | .01 | (d) | (d) | — |
| Virginia Iron, Coal & Coke | 1928 | (d) | (d) | (d) | — |
| Warren Foundry & Pipe | 1928 | .01 | .06 | 0 | — |
| Westinghouse Air Brake | 1928 | .10 | 2.04 | 4 | 2 |
| Westinghouse Elec. & Manufa'g | 1928 | .11 | 8.78 | 6 | 4 |
| Wheeling Steel | 1928 | .08 | 9.60 | 10 | — |
| White Sewing Machine | 1928 | .11 | 3.35 | 9 | — |
| Worthington Pump & Machinery | 1928 | .03 | 0 | 0 | — |
| Wrigley (William), Jr. | 1928 | .27 | 6.15 | 8 | 3 (a) |
| Yale & Towne | 1928 | .09 | 4.89 | 7 | 4 |
| Youngstown Sheet & Tube | 1928 | .08 | 9.53 | 9 | 5 |

## RAILROADS

| | Period of Report | Earned per Dollar of Net Worth | Earned per Share Common | % Earned per Share on Market Price Mar. 11, '29 | Dividend Rate |
|---|---|---|---|---|---|
| Baltimore & Ohio | 1928 | .08 | 12.43 | 10 | 6 |
| Delaware & Hudson | 4th quarter | .03 | 6.61 | — | 9 |
| Delaware, Lackawanna & Western | 4th quarter | .02 | 2.87 | — | 6 (a) |
| Lehigh Valley | 4th quarter | .02 | 2.35 | — | 3.50 |
| New York, Chicago & St. Louis | 4th quarter | .02 | 5.46 | — | 7 |
| Reading Company | 1928 | .06 | 8.78 | 8 | 4 |
| St. Louis, San Francisco | 1928 | .06 | 11.01 | 9 | 8 |
| West Jersey & Seashore | 1928 | NR | 4.27 | 9 | 2.50 |

## PUBLIC UTILITIES

| | Period of Report | Earned per Dollar of Net Worth | Earned per Share Common | % Earned per Share on Market Price Mar. 11, '29 | Dividend Rate |
|---|---|---|---|---|---|
| Amer. Telephone & Telegraph | 1928 | .09 | 12.11 | 5 | 9 |
| Amer. Water Works & Electric | 12 mos. | .04 | 3.61 | 4 | 1 (a) |
| Buffalo, Niagara & Eastern | 1928 | NR | 2.41 | 3 | 1.20 |
| Calgary Power, Ltd | 1928 | .04 | 4.05 | 2 | — |
| Consol. Gas, Elec., Lt. & Power | 1928 | .10 | 5.47 | 6 | 3 |
| International Ry. Co | 1928 | .11 | 3.71 | 11 | — |
| National Power & Light | 1928 | .09 | 1.93 | 3 | 1 |
| Philadelphia Rapid Transit | 1928 | .05 | 2.53 | 5 | 4 |
| Southern California Edison | 1928 | .07 | 3.10 | 5 | 2 |

(a) And extra. (b) Before taxes. (c) Before depletion. (d) Deficit. (e) Asked price. AB—Combined A & B shares. NR—Not yet reported.

## ANSWERS TO INQUIRIES

(*Continued from page 944*)

of a wide variety of products including automobiles, radios, motor boats, etc. Earnings, after experiencing a sharp falling off in 1926 and a moderate recovery in 1927, showed a substantial improvement last year, being equal to $3.58 per share on 774,231 shares of common stock and contrasting with $1.05 on 680,000 shares the previous year. The company owns 92% of the stock of Kemsley Millbourn & Co., Ltd., engaging in a similar field of endeavor but specializing in the financing of foreign sales of American automobiles and various other products. Commercial Credit, however, did not include the earnings of this subsidiary in its 1928 report. The management has undertaken a program of expansion, a factor of no small importance as a broader scope would release the company from dependence upon any one industry. Additional financing was accomplished earlier this year through the sale of 273,365 shares of common to stockholders at $40 per share, which added over 10 million to cash account. The company's contract with the Chrysler Corp. has been extended to include Dodge products and should figure prominently in current operations as should various other contracts which have been closed with Willys-Overland, Kolster Radio, Chicago Pneumatic Tool and the refrigerator division of the General Electric Co. It has been reliably estimated that the volume of business and profits will establish a record in the initial three months of this year and it is possible that earnings for the full year may run as large as $6 per share. In the light of the foregoing, there appears to be no urgent necessity for making any change in present commitments, particularly if purchase was made at higher levels.

### *ENDICOTT-JOHNSON—YOUNGSTOWN SHEET & TUBE*

*The market action of Endicott-Johnson seems weak to me. Do you think the present price has discounted the drop in earnings reported for 1928. The yield is attractive, but I don't want to hold on if the $5 dividend isn't safe and the price of the stock is likely to go lower. I paid $81 a share for my stock.*

*I am well satisfied with my investment in Youngstown Sheet & Tube made after reading an article in your August 11, 1928, issue. My profit on 100 shares is close to $2,500, and my broker tells me that the company should earn about $15 a share this year. Do you look for a further substantial advance in the price of this stock and a dividend increase in the near future?—G. E. N., Covington, Ky.*

Adverse trade developments last year had an unfavorable effect upon the earnings of the Endicott-Johnson Corp. and net income suffered a decline of nearly 17%. As applied to the common stock, earnings were equal to $5.85 per share, contrasting with $7.57 in 1927. Extremely narrow profit margins and increasing competition from foreign sources were the primary factors responsible for a sharp reduction in the profits of the majority of shoe manufacturers, in the face of sales greater than in any previous year with the exception of 1923. Thus far in the current year, the situation has failed to experience any marked improvement and present indications are not such as to afford much encouragement. Endicott-Johnson is the second largest organization in the industry with a background of established success under more normal conditions, appears sufficiently equipped with finances and managerial talent to satisfactorily weather the situation and dividends on the common stock do not seem imperilled for the time being, at least. Present conditions may be corrected during the next few months and while we recognize the likelihood that the shares will continue to sell at depressed levels pending a change for the better, see no cause for urgent liquidation on the part of stockholders.

Responding to the betterment which took place in both the automobile and oil industries, the principal consumers of the company's products, earnings of the Youngstown Sheet & Tube Co. showed a gain of nearly 50% in 1928. Nine dollars and fifty-four cents per share was earned on the common stock against $6.10 for the previous year and further gains will in all probability be made in the first half of the current year. Like the majority of other leading steel companies, the management of Youngstown has devoted considerable effort and money on new plants and equipment and the economies made possible thereby should continue to augment earnings. Recognizing the company's primary dependence upon two fundamental but sometimes unstable industries, the magagement has wisely pursued a conservative dividend policy and an increase in the present rate is not likely to be made unless they feel reasonably certain that earnings will be sustained at a sufficient volume to make a higher payment something more than a temporary reflection of current prosperity. However, present earnings would afford an adequate margin of safety for a $6 rate, particularly in the light of the company's strong financial position, and official recognition of this fact is to be expected sooner or later. The company also has interesting merger possibilities and this phase of the situation lends further attraction to the shares, although from a somewhat longer pull standpoint. Retention of present holdings, under the circumstances, appears the proper course to take.

### *THE WORTHINGTON PUMP & MACHINERY*

*In 1925 I bought 50 shares of Worthington Pump common at a cost of $72 a share. I have never had an opportunity to sell at a profit, but hope to do so this year. The president of the company seems optimistic over the outlook, but I would appreciate a definite opinion from a disinterested source like your department. Do you think this stock will be put on a dividend basis soon?—L. C. G., Nashville, Tenn.*

Specializing in the manufacture of heavy machinery, oil and gas engines, hydraulic turbines, pumps, air compressors, condensers, etc., ranking as one of the largest of its kind in the country, earnings of Worthington Pump have been of an unimpressive character since the war years, combined profits in the last five years being about equal to those of 1918. However, by virtue of an extensive rehabilitation program, concentration of manufacturing facilities and disposal of unprofitable units, resulting in reduced production costs, encouraging improvement was registered last year, when, despite a 6% falling off in sales billed, profits increased over 50%, being equal to $6.12 a share on the combined 159,145 shares of 7% class A and 6% class B preferred stock against $3.77 a share in 1927. Financial position has remained comfortable, which was materially strengthened last year, and a partial reduction has been made in accumulated dividends on the preferred stocks, accruals now standing at 12.25% on the 7% preferred and 10.5% on the 6% issue. The company is also a producer of Diesel engines, and stands to benefit from improving conditions in the shipbuilding industry resulting from the enactment of the Jones-White merchant marine bill as well as the cruiser bill. On the whole, shareholders seem warranted in assuming a more optimistic attitude toward the future than has been possible for some time past, and while existing quotations on the common discount favorable progress some distance ahead, we are confident further patience will be rewarded. However, resumption of common dividends is not a near-term possibility.

### *ERIE RAILROAD CO. AND THE GREAT NORTHERN RY.*

*Do you advise the purchase of Erie common around 75? I am told that due to merger possibilities and increased earnings this stock should sell at 100 within the next few months.*

*Will you please give me some detailed information concerning the outlook for Great Northern preferred? Is it likely to effect a combine with Western Pacific before the end of this year? I have 100 shares of Great Northern at a cost of $100 a share.—T. M. M., Biloxi, Miss.*

The accomplishments of the new management of the Erie Railroad are set forth in a graphic manner in the report of the road covering 1928 operations. With the benefit of only a 2% increase in gross revenues, net operating income registered a gain of nearly 55%, in comparison with 1927 results, and was the highest in the road's history. Making allowance for dividends on the 4% first and second preferred stocks, on which actual payments have not as yet been resumed, earnings last year were equal to $4.93 per share on the common stock. In 1927, and on the same basis, the common stock earned 63 cents but in that year charge-offs were exceptionally large. The success of the management in effecting operating economies is accorded full recognition in the reduction of operating ratio from about 82% in 1927 to 76.2% last year and we are of the opinion that

(*Please turn to page 978*)

*(Continued from page 976)*

the progress in that direction is by no means completed. In addition, improved earnings have permitted the strengthening of the road's financial position, accompanied by a higher credit standing. It is generally believed that the current year will witness the resumption of dividends on the preferred issues and it is our understanding that a plan is being considered which will provide for the exchange of both classes of preferred for a single preferred issue with a cash adjustment. Estimates of current earnings have run as high as $9 per share on the common stock, on which basis the shares might readily attain higher levels, and we would be willing to endorse commitments for a portion of speculative funds.

On its own merits, the so-called preferred stock of the Great Northern Railway may be adjudged a sound investment issue, yielding a fair income return, and the possibility of favorable developments in connection with proposed mergers and consolidations provides an interesting feature from a speculative angle. Earnings last year were equivalent to $10.10 per share and with the exception of 1926 were the best since 1921. With present dividends of $5 per share being earned over twice, an upward revision in the rate would appear in order but action along that line will probably await the decision of the I. C. C. in connection with the proposed unification of the road, the Northern Pacific and the Chicago, Burlington & Quincy. Great Northern is also seeking the approval of the I. C. C. relative to the extension of its lines to link with the Western Pacific in California. Whether or not this step presages an ultimate merger of the two systems is of course indeterminate but its significance is of importance. The shares are presently selling at levels no higher than seem warranted by their established investment standing and in the event of an adverse ruling in the above matters a sharp decline appears unlikely, whereas a favorable decision would undoubtedly enhance market quotations. We advise holding.

### *CONTINENTAL MOTORS*

*I have 200 shares of Continental Motors for which I paid 27 several weeks ago. The stock now seems to stay around 23, showing no tendency to move higher. Can you tell me what progress the company is making in producing motors for aviation purposes? Would you advise taking my loss in order to place the funds into another stock that may show quicker profits?—W. N. B., Danville, Va.*

We see no reason to advise disturbing present commitments in Continental Motors. In addition to ranking as the largest independent producer of gas engines, the management has made encouraging progress in recent years in expanding activities in the industrial field and seems committed, in a large way, to the production of airplane engines, thus placing it in a position to benefit materially from anticipated substantial growth of the aviation industry. The company has developed three airplane motors of the air-cooled radial type. Research work is expected to be started on other types and sizes, and production of the 7-cylinder, 120-horsepower line will be placed on a commercial basis this year. Financial position continues strong and previous expansion program found tangible reflection in income account in the year ended October 31, 1928, when profits were equal to $1.02 a share against 71 cents in the 1927 fiscal year. Further improvement may reasonably be looked for this year. Proceeds of recent financing, involving the offering of additional shares to existing stockholders, will be utilized for the purpose of retiring funded debt, leaving the 2,113,014 shares presently to be outstanding the only capital obligation. We regard the stock as one of the more attractive among low-priced issues.

### *R. J. REYNOLDS TOBACCO*

*What are the 1929 prospects for Reynolds Tobacco B stock? Now that the stock has been split-up, I am thinking of accepting profits on 20 shares bought last year at 135. I have read that the sales of Camels are going to be reduced because of the competition of Old Gold. What is your opinion?—G. H. O., Harrisburg, Pa.*

Following record earnings in each of the seven years ended with 1927, profits of R. J. Reynolds Tobacco were at a new high level in 1928, being equal to $3.02 a share on the combined common and class B shares now outstanding, after the recent 2½ for 1 split-up. against about $2.90 a share in 1927, and for the eighth consecutive year earnings surpassed those of any other American company. Its already strong financial position was further strengthened during the year, cash and its equivalent of about $27,000,000 being almost three times current liabilities, with net working capital of $126,236,230. The foregoing together with the continued popularity of its "Camel" cigarettes and "Prince Albert" smoking tobacco brands should inspire confidence regarding the ability of the company to maintain its relative position in the industry. Future normal growth seems in prospect, and while we would not rate the stock as undervalued at existing quotations, the shares have definite attraction for the longer term holding.

### *AIR REDUCTION CO.*

*Would you recommend investing in Air Reduction stock at current levels? I have been informed that during 1929 this stock is scheduled to double its dividend and merge with U. S. Industrial Alcohol on a share for share basis. Before making any purchase, however, in accordance with my usual policy, I would appreciate hearing from you.—J. B. P., East Orange, N. J.*

Functioning as a manufacturer, directly or through subsidiaries, of oxygen, acetylene, nitrogen, and other gases and chemicals, in addition to oxy-acetylene welding and cutting apparatus, Air Reduction has reported consistently yearly expansion in earnings available for capital stock since 1921, barring a slight falling off in 1923. Profits in 1928 equalled $5.61 a share on 696,374 shares outstanding against $12.59 a share on 224,579 shares in 1927. Financial position is strong and with no indication of any termination of the company's established vigorous expansion policy there seems no serious bar to future substantial growth, both in scope of operations and earning power. Investment holdings consist of a substantial interest in U. S. Industrial Alcohol, executive managements of both companies being practically identical, which forms some basis for anticipating a merger at some future date, but definite information is lacking regarding action in this connection in the near future. On the basis of established earning power the shares seem high enough, but we do regard present prices as excessive, considering the well defined future prospects of the enterprise. Commitments now should be productive of the desired results in the course of time.

### *TOBACCO PRODUCTS*

*Why does Tobacco Products common sell so low in view of the liberal dividend? I am holding 10 shares of the old stock at a small loss, and have been wondering if there are any adverse factors in the situation which would make it advisable to liquidate.—H. P. S., Chicago, Ill.*

Functioning as a holding company, income of Tobacco Products is derived mainly from dividends on its substantial holdings of United Cigar Stores stock, an annual payment of $2,500,000 on manufacturing assets leased to the American Tobacco Co. and, in the past, proceeds of sale of a portion of its holdings of United Cigar Stores shares. With United Cigar Stores stock now on a regular $1 a share annual cash dividend basis, indicated yearly income from that and other sources is about $5.20 a share on the old common, or $1.04 a share of new common outstanding, following the recent five for one split-up. Dividends on the old common previously have been paid at the annual rate of $8 a share, equal to $1.60 a share on the new stock, to maintain which it apparently will be necessary to liquidate a small portion of its holdings until cash receipts from United Cigar Stores make up the deficiency. Future prospects of the company depend largely on the ultimate success of the aggressive expansion policy of United Cigars Stores, both sales and earnings of which latter fell off sharply last year, with no substantial permanent improvement in prospect for the near term. While it is generally conceded that Tobacco Products shares have a liquidation value somewhat in excess of existing quotations, dissolution plans considered last year were abandoned, due to the fact that no legal method could be devised to properly dissolve the 99-year lease to American Tobacco. Thus the common stock can be considered only in the light of an extreme long pull proposition.

## A WELL BALANCED PLAN THAT MAKES USE OF FIVE DIFFERENT THRIFT MEDIUMS

(*Continued from page* 943)

3. Provision of a suitable monthly income for my wife in case we both live to old age, and she outlives me.
4. Provision of funds for the college education of our children.
5. Provision of a suitable home and furnishings, and a new automobile from time to time as needed.

After a careful analysis of our habits, interests and desires we determined upon a minimum amount of money necessary for our capital fund, the income from which will be used to meet the first goal. This fund is being accumulated through twenty-year endowment life insurance, monthly payments to the building and loan association with the money re-invested as the stock matures, and an annuity income bond maturing at age 62.

The funds for the second goal are being provided through life insurance with the settlement option selected at the time the insurance was purchased. As a means of providing for the third goal, $10,000 of the life insurance is on the twenty-payment life plan, arranged to mature so that insurance premiums will not need to be paid after I reach an age of 60 or 61.

*Providing for Education*

Funds for the education of our two children (the fourth goal) are being provided through monthly savings accounts in the bank and in the building and loan association. In the ordinary course of events I should live to see this goal attained, but life insurance is carried for each child in an amount sufficient to protect against this hazard, should I not live beyond that period. A settlement option has been chosen which will pay the daughter a lump sum at the beginning of each college year, as the expenses at the college she expects to attend are largely payable in one sum at the time of registration. For the son the payments are to be paid monthly throughout the four years.

Several years ago we built a new home, paying cash for the lot and for part of the other costs. A loan through the building and loan association was secured to cover the balance. This is being paid off monthly and in a few years our home will be free of debt. As a protection against the loss of this property through my early death, a part of my endowment insurance is set aside to cover the unpaid balance of the mortgage, thus making the insurance serve two purposes.

A depreciation fund is carried in a local savings bank to provide the means of keeping the place in repair, to replace furnishings as needed, and to make possible the continued ownership of an automobile. A monthly deposit is made to this fund out of my salary.

Securities of a good grade yielding between 5% and 6% are purchased from time to time as funds become available from various sources. In addition to a good salary some income is also derived from interest on investments, rental of land, royalties on writings, fees for addresses delivered, and other minor sources. Funds secured through these extra channels are deposited in a savings bank account until they aggregate an amount sufficient to purchase a bond.

In the future as college education funds are completed, as insurance premiums decrease or are paid in full, as larger savings from probable salary increases develop, additional money will be available for the purchase of securities which will increase the capital fund. In the meantime most of the money saved from my salary goes into life insurance premiums, building and loan payments, and other "fixed charges" indicated earlier in the article. Surpluses go into the savings bank account.

*Summarizing the Program*

Our investment program, therefore, makes use of the following means:

1. REAL ESTATE: Our home, a farm, a town lot.
2. LIFE INSURANCE: Twenty-year endowment, twenty-payment life, and whole life. A large part of the insurance is made to serve more than one purpose, thereby reducing the aggregate amount required.
   There is also an annuity income bond.
3. BUILDING AND LOAN: For paying the mortgage on our home; for providing funds for the college education of our children; for maturing a part of our retirement capital fund.
4. SAVINGS BANK: For accumulation of miscellaneous funds used to purchase securities; for building a depreciation reserve.
5. SECURITIES: Largely in the form of bonds yielding 5% to 6%, as a means of keeping the capital fund at work.

## IS FORD SUCCESSFUL ABROAD?

(*Continued from page* 919)

bring about a five-fold increase in Great Britain's motor vehicle exports and will be double the capacity of all present 62 British motor makers combined.

Estimation of Ford's success abroad must not only include his present competition, but past profits, present management and the latitude of Ford Motor Company, Ltd. Ford always is niggardly about his financial secrets here, but the prospectus filed with the Registrar of Companies in London, just before the British company was recapitalized showed: Combined profits for the year ended Dec. 31, 1924, of £734,510; 1925, £1,402,137; 1926, £835,299 and 1927, £536,781. Production was suspended in the last five months of 1927.

The profits were derived as follows: They took the profits for the four years ended Dec. 31, 1927, from the following: Ford Motor Company, England; Henry Ford & Sons, Ltd., Cork; Automobiles Ford, Paris; Ford Motor Companies of Copenhagen; Barcelona; Antwerp and Trieste. Profits for 3 years and 10 months from Ford Motor Holland; 3 years and 7½ months, Ford Motor Stockholm; 2 years, Ford of Berlin; and 1 year and 9 months, Ford of Finland.

These profits the prospectus says: (1) Are equivalent in the average to over 13% on the company's capital of £7,000,000; (2) were derived from the employment of assets valued on Oct. 31, 1928, at about £4,300,000, and of accumulating sums deposited with bankers; (3) arose principally from assembling and marketing and only to some extent from manufacture . . . . (a) these cars (model A) will be manufactured as well as marketed by the company and companies it controls, and (b) the company will have exclusive distributing rights in its territory."

Management consists of the following board—each other European company as it sells 40% of its shares to nationals of that country will have an equally distinguished directorate—Henry Ford, Edsel Ford, Charles Emil Sorenson, Right Honorable Lord Illingsworth of Denton, director of National Provincial Bank, Ltd., Honorable Roland Dudley Kitson, director of Bank of England, Sir John Thomas Davies, director, Suez Canal Company, and Sir Percival Lea Dewhurst Perry, chairman, director of Slough Estates, Ltd.

*Broad Powers of British Franchise*

Memorandum of Association of the company, as included in the prospectus filed under the British Companies Act, in a series of 25 long legal clauses permits Ford Motor Company, Ltd., to do almost anything in all parts of the world, as agents, principals or trustees, except issue money, levy taxes or grant annuities as they come within the meaning of the industrial assurance act of 1923. It may operate, acquire or utilize all sorts of public utilities, prospect or mine, carry on a banking or trust and investment business to a considerable degree and in a word do far more than Henry Ford dreams of doing in the United States.

Ford of Germany, Ford of France, Ford of Belgium, Ford of Holland and Ford of Italy are in the process of recapitalizing and offer 40% of their new capitalization in the form of shares to nationals in those countries. Reports about the exact capitalizations, the price of the new shares, and the methods to be used in barring American speculators from getting such shares, however, are so conflicting that such details must come from official announcements.

## FRANCE STRUGGLES WITH ECONOMY COMPLEX

(*Continued from page 921*)

been paid and the rest will be paid in 1930.

*War Damage Repaired*

The restoration of the devastated areas is practically complete. The population of the war-torn territory has increased to 5 million people, which is the pre-war figure. For 900,000 buildings, houses and factories destroyed, restoration has produced some 675,000 structures, the difference being made up in building concentration and superior methods of construction. The coal output of the region is up to and beyond the pre-war level, some 2,766,000 tons per month in 1928 as compared to 2,260,000 tons in 1914. Live stock also surpasses its pre-war figure. Waterway and railroad communications have been extended, and such signs of devastations as still encounter the eye, are there only because the foreign tourist will pay to see them.

To accept the march of the last three years toward recovery and financial stability as another revelation of the wonders of French thrift is to envisage only half of the picture and the least important half. It was in the traditional spirit of thriftiness and fear of risk that the French abandoned the franc in 1926 and came back to it only after the Poincare government rigorously bent upon an improvement of the treasury, stopped the flight by announcing an increase in taxes. The phenomenal recovery of the last three years was due not to the saving instinct of the French which indeed would have obstructed the course to state solvency, but to courageous and brilliant cooperation between the government and the Bank of France, in a scheme of legislation, which made the Frenchman open his purse, and help the state to its feet.

*Present Strong Position*

By cautiously stabilizing the franc at a level no higher than that which existed in the preceding year and a half, the government spared the country any disagreeable shocks to industry and the close of the year 1928 saw France, with a stable currency, a balanced budget, and an abundant credit, squarely pursuing the course of economic prosperity. The past year indeed was by far the most satisfactory for French industry and trade since the war, the increased activity being reflected in a shortage of labor and a tendency of both wages and prices to climb.

On the surface, the year closed with a large foreign trade deficit as compared with a favorable balance in 1927. The deficit was due entirely to lower export prices for on weight, the tonnage of export increased. Figures for the first ten months of 1928 as compared with the corresponding period in 1927 are as follows:

| | Imports (In 1000 francs) | Exports (In 1000 francs) | Balance (In 1000 francs) |
|---|---|---|---|
| 1927 | 42,964,740 | 45,062,616 | +2,097,[illegible] |
| 1928 | 43,499,414 | 41,999,619 | —1,499,795 |

Probably the most important problem now facing the French is that of foreign trade. It cannot be solved by legislation. The tariffs have been adjusted as far as the laws of reciprocity permit. The favorable trade balance now can come only through the increased production and a general development of industry along lines both old and new. It is here where the willingness to spend counts for more than the ability to save, and where the French suffer for lack of aggressiveness.

In two industries, in which they are specially fitted to excel cinema and aircraft production, the French lag behind other countries not because they have not the money for development, but because they won't spend the money. In both fields they seek production at the lowest possible cost. Economy is considered much more important than quality, and an inferior product inevitably results. With all the talent the French naturally possess for cinema production it is significant to note that in 1927, 87% of the goods consumed on their market was of foreign origin and only 13% of native manufacture.

In the past year, however, the idea that big money is made by spending big money—a distinctly American contribution to modern business psychology—has begun to intrigue the mind of French industry. The old phrases concerning frugality, thrift, and saving still rush to the lips, but in the background of French business thought, there is developing a definite tendency to shake itself free of the economy complex.

## INSURANCE DEPARTMENT

(*Continued from page 943*)

*have a $500—20 year endowment paid up, that the government issued to the service men after the war. As I am on the road traveling part of the time, I carry an Accident policy with the Travelers that pays $7,500 in case of accidental death, and $25 a week in case of total disability. I have no insurance on my wife. What are your suggestions? I figured that I had enough life insurance, and might better buy bonds. Yours very truly, H. E. C.*

You have $10,500 life insurance carried through the Veterans' Bureau, and I assume that your other life policies—something over $12,000 in all—are placed with good "Old Line" institutions. Under present conditions, I would consider that you are carrying sufficient protection—considering your income and your family responsibilities. As you are the breadwinner, we would not consider it essential that your wife carry life insurance, unless she wishes to build up a Thrift Fund of, say,

$1,000, in the form of an Endowment Policy.

Your Government policies will be paid to the beneficiary in the form of *income;* and I would suggest that you arrange to have an additional $10,000 of your present policies placed on an income basis as well. This will leave over $2,200 of your insurance payable in a lump sum to defray the usual expenses incident to the death of the head of the family; while $20,000 on an income basis should give your wife a modest income for the remainder of her life—or for a term of years as selected by you.

As your income improves, and if your family responsibilities should be increased, you could add to your present protection from time to time—thus not only providing protection for dependents but building up for your own old age maintenance.

## SAVINGS BANK DEPOSITS VS. BUILDING & LOAN SHARES

(*Continued from page* 939)

well secured as in the stricter states As far as possible the bond investments and the mortgage investments of savings banks represent obligations secured by property in the general locality of the bank. Interest rates vary in different sections of the country which factor also accounts for the varying rates of interest paid by banks in different sections. To summarize this paragraph with a generality, *savings banks* and *safety* are regarded synonymous terms.

Interest that is not withdrawn from a savings bank account is automatically credited as a deposit in the account. This practice, usually carried out on a quarterly (but sometimes on a monthly) basis gives the depositor the advantage of compounded interest. The method of computing interest is not uniform even among the savings banks in the same city. Some methods give a good deal more liberal rate of interest than others and other things being equal one should select the institution that makes the most liberal allowance in its *method of caculating interest.* An account that is subject to frequent withdrawals will earn little income at all if calculated on the least favorable of the several methods that are in vogue for figuring interest credits.

The building and loan associations vary in their practice and operation and also in the legal protection that is afforded in the various states even more than the savings banks. In discussing these associations, *only the general characteristics can therefore be considered.* The primary purpose of the building and loan association, from the investors standpoint, is to offer a medium for *regular savings* over an extended period of time the income of which is to be automatically reinvested

(*Please turn to page* 986)

# Building and Loan Associations

**We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complet to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.**

**Texas**







**Texas**









**Texas**



**Louisiana**



## KEEP POSTED

**THE PARTIAL PAYMENT**
method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224).

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A well-known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

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This interesting booklet traces the history of Investment Trusts—the financial institution which renders a valuable service to investors. (440).

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## Colorado





## Kentucky



## Florida





## Alabama



## New York



## Florida





## Tennessee

# Financial Notices

### Dividends and Interest

## Associated Gas and Electric Company

**Dividend No. 17 on Class A Stock**

The Board of Directors has declared the regular quarterly dividend on the Class A Stock, payable May 1, 1929, in Class A Stock at the rate of 2½% of one share (or 10% per annum) of Class A Stock for each share held of record at the close of business, March 30, 1929.

On the basis of the current market price for the Class A Stock of about $60 per share, this dividend yields a return of about $6.00 per share per annum.

Scrip for fractional shares will not be delivered, but will be credited to the stockholders' account until a full share has accumulated. Stockholders can purchase sufficient additional scrip to complete full shares.

Payment in stock will be made to all stockholders entitled thereto who do not, on or before April 15, 1929, request payment in cash.

M. C. O'KEEFFE, Secretary.

March 5, 1929.

## LOEW'S INCORPORATED

"Theatres Everywhere"

March 9, 1929.

At a meeting of the Board of Directors held on March 5, 1929, a quarterly dividend of 50c was declared on the common stock of this Company, payable March 30, 1929, to stockholders of record at the close of business on March 14, 1929.

Checks will be mailed.

DAVID BERNSTEIN
Vice President and Treasurer.

## AIR REDUCTION CO., INC.

342 Madison Ave. New York

March 13, 1929.

DIVIDEND NO. 48

The Board of Directors of this Company has declared the regular quarterly dividend of $.50 per share on the Capital Stock of the Company, payable April 15, 1929, to stockholders of record March 30, 1929.

R. B. DAVIDSON, Secretary.

*To Presidents:—*

**Create Investor Confidence by Advertising the Fact That You Pay Dividends Regularly!**

### Meetings

**SOUTHERN PACIFIC COMPANY**
NOTICE OF MEETING.

165 Broadway,
New York, N. Y., January 2, 1929.

The Annual Meeting of the Stockholders of the Southern Pacific Company will be held at the office of this Company in Anchorage, Jefferson County, Kentucky, on Wednesday, April 3, 1929, at 12 o'clock noon, standard time, for the following purposes, viz.:

1. To elect fifteen Directors.
2. To transact all such other business as may legally come before the meeting, including the approval and ratification of all action of the Board of Directors and of the Executive Committee since the last annual meeting of the Stockholders of this Company.

For the purposes of the meeting, the books for the transfer of stock will be closed at 3 o'clock P. M., Monday, March 18, 1929, and will be reopened at 10 o'clock A. M., Thursday, April 4, 1929.

By order of the Board of Directors.

HUGH NEILL, Secretary.

### Dividends and Interest

**INTERNATIONAL PAPER AND POWER COMPANY**

New York, March 13th, 1929.

The Board of Directors have declared a regular quarterly dividend of one and three-quarters per cent (1¾%) on the Cumulative 7% Preferred Stock of this Company, and a regular quarterly dividend of one and one-half per cent (1½%) on the Cumulative 6% Preferred Stock of this Company, for the current quarter, payable April 15th, 1929, to holders of record at the close of business March 25th, 1929.

Checks to be mailed. Transfer books will not close.

R. G. LADD, Assistant Treasurer

**POSTAL TELEGRAPH AND CABLE CORPORATION**

New York, March 7, 1929.

The Directors of the Postal Telegraph and Cable Corporation at their meeting March 7, 1929, authorized the regular quarterly dividend of 1¾% on the 7% Non-Cumulative Preferred Stock, payable April 1, 1929, to Stockholders of record March 22, 1929.

E. de C. JAMES, Treasurer.

**INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION**

New York, March 14, 1929.

The Directors of the International Telephone and Telegraph Corporation, at their meeting March 14th, authorized the regular quarterly dividend of 1½% payable April 15, 1929 to stockholders of record March 22, 1929.

H. B. ORDE, Treasurer.

### Dividends and Interest

## THE BELL TELEPHONE COMPANY OF CANADA

**NOTICE OF DIVIDEND**

A dividend of two per cent. (2%) has been declared payable on the 15th April, 1929, to shareholders of record at the close of business on the 23rd March, 1929.

W. H. BLACK,
Secretary-Treasurer

Montreal, 27th February, 1929.

## THE WESTERN UNION TELEGRAPH COMPANY

New York, March 12, 1929.

**DIVIDEND NO. 240**

A dividend of TWO PER CENT on the Capital Stock of this Company has been declared, payable on the 15th day of April next, to stockholders of record at the close of business on the 22nd day of March, 1929.

The transfer books will remain open.

G. K. HUNTINGTON, Treasurer.

**AMERICAN TYPE FOUNDERS COMPANY**

Jersey City, N. J., March 13, 1929

A quarterly dividend (No. 108) of one and three-quarters per cent on the Preferred Stock and a quarterly dividend (No. 125) of two per cent on the Common Stock have this day been declared payable April 15, 1929, to stockholders of record at the close of business April 5, 1929. Checks mailed by The Bank of America, Transfer Agent, 44 Wall Street, New York City.

WALTER S. MARDER, Secretary

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Certain well defined rules of investment are helpful to the investor who wishes to get better than average returns from his money. Send for your free copy of this booklet. (506).

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*(Continued from page 983)*

and compounded rather than to be withdrawn. To accomplish this purpose, these associations issue shares of equal interest on a systematic monthly payment plan that typically extends over a period of eleven years and seven months. At the end of that time, the 139 monthly payments (together with the dividends credited in the meantime) will represent a share with a stated value of $200.

The building and loan associations, in effect, are "mutualized" mortgage companies operating for the sole benefit of their shareholders. The mortgages are restricted to members of the association, although this might be purely a nominal requirement. The mortgages are usually limited to small residential property occupied by the owner-borrower. The mortgage money (which is usually limited to about two-thirds the value of the property) is advanced in installments as the construction of the home progresses. It is repayable in regular monthly installments, on about the same schedule as the investor pays for his shares. The majority of the states require all loans to be limited to first mortgages and offer some form of supervision by the state over the affairs of the associations which operate in the state. The earnings of the various associations in a general way correspond to the cost of mortgage money in the locality which they serve.

The accumulated fund of the investor, plus interest, is repaid in a lump sum when the shares mature. In order to make this investment somewhat more liquid than this, however, it is the practice of most of the associations to return the money invested on demand any time before the maturity of the shares with a small penalty charged against the investor. In selecting an association, inquiry should be made of the exact terms on which withdrawal may be made. In addition to the "membership" shares some of the associations offer a sort of a "preferred" share investment at a lower rate of interest which is withdrawable on demand without penalty.

Most investors harbor the notion that deposits in the savings banks and the building and loan associations earn a "fixed rate of interest." In effect this is true because these institutions attempt to keep their interest at a level rate, but actually the investors in both mediums receive only what is earned on the invested assets and over a long period of time this rate may vary. The safety of the investment might be said to be greater in the case of the savings bank deposit because of the closer regulation of the banks and because of the greater diversity of the invested assets. This is purely a generalization, however, and many building and loan associations rank equally with, if not higher than, other individual savings banks, and both have the largest portion of their assets invested in small mortgages of about the same class.

# Financial Notices

Dividends and Interest

## International Petroleum Company, Limited

**Notice of Dividend No. 19**

NOTICE is hereby given that a dividend of 25c. United States Currency per share has been declared, and that the same will be payable on or after the 15th day of March, 1929, in respect to the shares specified in any Bearer Share Warrants of the Company upon presentation and delivery of coupons No. 19 at the following banks:

The Royal Bank of Canada,
King and Church Street Branch.
Toronto 2, Canada.

The Farmers' Loan and Trust Company,
22 William Street, New York, N. Y.

The Farmers' Loan and Trust Company,
15 Cockspur Street, London, S.W. 1, England.

OR

The Offices of the International Petroleum Company, Limited,
56 Church Street, Toronto 2, Canada.

The payment to Shareholders of record at the close of business on the 12th day of March, 1929, and whose shares are represented by registered Certificates will be made by cheque, mailed from the offices of the Company on the 14th day of March, 1929.

The transfer books will be closed from the 13th day of March, to the 15th day of March, 1929, inclusive, and no Bearer Share Warrants will be "split" during that period.

By Order of the Board,

J. R. CLARKE,
Secretary.

56 Church Street, Toronto 2, Canada,
6th March, 1929.

## Federal Water Service Corporation

*Notice of Dividends on PREFERRED STOCKS*

The Board of Directors of Federal Water Service Corporation has declared quarterly dividends of one dollar seventy-five cents ($1.75) a share on the $7 Preferred Stock, one dollar sixty-two and one-half cents ($1.62½) a share on the $6.50 Preferred Stock and one dollar fifty cents ($1.50) a share on the $6 Preferred Stock, all payable April 1, 1929, to stockholders of record at the close of business March 15, 1929.

The transfer books will not be closed.

WALTER A. CULIN, *Treasurer.*

**CLUETT, PEABODY & CO., INC.**

PREFERRED STOCK DIVIDEND NO. 65

The Board of Directors has declared a quarterly dividend of One Dollar and Seventy-five cents per share on the Preferred Stock of the Company payable April 1, 1929 to Stockholders of record at the close of business March 21, 1929. Checks will be mailed by the Irving Trust Company of New York.

D. A. GILLESPIE, Treasurer.

Troy, N. Y., March 7, 1929.

**The New York Central Railroad Co.**

NEW YORK, March 13, 1929.

A Dividend of Two Dollars ($2.00) per share on the capital stock of this Company has been declared, payable May 1, 1929, at the office of the General Treasurer, to stockholders of record at the close of business March 28, 1929.

H. G. SNELLING, General Treasurer.

Dividends and Interest

## Public Service Corporation of New Jersey

**Dividend No. 87 on Common Stock**

**Dividend No. 41 on 8% Cumulative Preferred Stock**

**Dividend No. 25 on 7% Cumulative Preferred Stock**

**Dividend No. 3 on $5.00 Cumulative Preferred Stock**

The Board of Directors of Public Service Corporation of New Jersey has declared dividends at the rate of 8% per annum on the 8% Cumulative Preferred Stock, being $2.00 per share; at the rate of 7% per annum on the 7% Cumulative Preferred Stock, being $1.75 per share; at the rate of $5.00 per annum on the non par value Cumulative Preferred Stock, being $1.25 per share; and 65 cents per share on the non par value Common Stock for the quarter ending March 31, 1929. All dividends are payable March 30, 1929, to stockholders of record at the close of business March 1, 1929.

**Dividends on 6% Cumulative Preferred Stock are payable on the last day of each month.**

T. W. Van Middlesworth, Treasurer

## Public Service Electric and Gas Company

**Dividend No. 19 on 7% Cumulative Preferred Stock**

**Dividend No. 17 on 6% Cumulative Preferred Stock**

The Board of Directors of Public Service Electric and Gas Company has declared the regular quarterly dividend on the 7% and 6% Preferred Stock of that Company. Dividends are payable March 30, 1929, to stockholders of record at the close of business March 1, 1929.

T. W. Van Middlesworth, Treasurer

## *West Penn Power Company*

**NOTICE OF DIVIDENDS**

The Board of Directors has declared quarterly dividend No. 53 of one and three-quarters per cent. (1¾%) upon the 7% Cumulative Preferred Stock, and quarterly dividend No. 14 of one and one-half per cent. (1½%) upon the 6% Cumulative Preferred Stock of West Penn Power Company, for the quarter ending April 30, 1929, both payable May 1, 1929, to stockholders of record at the close of business on April 5, 1929.

G. E. MURRIE, *Secretary.*

## Endicott Johnson Corporation

**Dividend No. 40**

The Board of Directors has declared a quarterly preferred dividend of One Dollar Seventy-five Cents ($1.75) per share and a common dividend of One Dollar Twenty-five Cents ($1.25) per share, payable April 1, 1929 to stockholders of record at the close of business March 18, 1929.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

MAURICE E. PAGE, Secretary

March 4, 1929

Dividends and Interest

## National Cash Credit Ass'n

NCCA ORGANIZATION

### National Cash Credit Association

**Preferred Stock Dividend No. 24**

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Twenty Cents (20c) per share and a stock dividend of Three One-Hundredths (3/100ths) of one share has been declared on the Preferred Stock of the Association, payable on April 2, 1929, to stockholders of record March 11, 1929.

OSCAR NELSON, Treasurer.

### National Cash Credit Association

**Common Stock Dividend No. 24**

The regular quarterly dividend of Twenty Cents (20c) per share and a stock dividend of Three One-Hundredths (3/100ths) of one share has been declared on the Common Stock of the Association, payable April 2, 1929, to stockholders of record March 11, 1929.

OSCAR NELSON, Treasurer.

Note: Stock originally issued after December 31, 1928, will receive a pro rata dividend according to resolution.

### Kentucky Cash Credit Corporation

**Preferred Stock Dividend No. 12**

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Fifteen Cents (15c) per share has been declared on the Preferred Stock of the Corporation, payable March 25, 1929, to stockholders of record on March 11, 1929.

OSCAR NELSON, Treasurer.

### Kentucky Cash Credit Corporation

**Common Stock Dividend No. 12**

The regular quarterly dividend of Fifteen Cents (15c) per share has been declared on the Common Stock of the Corporation, payable March 25, 1929, to stockholders of record March 11, 1929.

OSCAR NELSON, Treasurer.

### Maryland Cash Credit Corporation

**Preferred Stock Dividend No. 11**

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Fifteen Cents (15c) per share has been declared on the Preferred Stock of the Corporation, payable March 25, 1929, to stockholders of record March 11, 1929.

OSCAR NELSON, Treasurer.

### Maryland Cash Credit Corporation

**Common Stock Dividend No. 11**

The regular quarterly dividend of Fifteen Cents (15c) per share has been declared on the Common Stock of the Corporation, payable March 25, 1929, to stockholders of record March 11, 1929.

OSCAR NELSON, Treasurer.

Note: In the case of above companies stock originally issued after December 25, 1928, will receive a pro rata dividend according to resolution.

## Warren Brothers Company

**Preferred Stock Dividend No. 103**

Dividends of one and one-half per cent (1½%) on the First Preferred Stock and of one and three-quarters per cent (1¾%) on the Second Preferred Stock of this Company have been declared for the quarter ending March 31, 1929, payable on April 1, 1929, to stockholders of record at the close of business March 18, 1929.

E. SUTCLIFFE, Treasurer.

## Warren Brothers Company

**Common Stock Dividend**

A quarterly dividend of One Dollar ($1.00) per share has been declared on the Common Stock of this Company, payable on April 1, 1929, to stockholders of record at the close of business March 18, 1929.

E. SUTCLIFFE, Treasurer.

# Union Carbide and Carbon Corporation and Subsidiary Companies

## Consolidated Statements December 31, 1928

### ASSETS

| | | | |
|---|---|---|---|
| **Current Assets** | | | |
| Cash | | $17,502,924.04 | |
| Receivables | | | |
| Trade Notes | $2,272,059.26 | | |
| Trade Accounts | 16,238,457.45 | | |
| Other Notes | 346,059.78 | | |
| Other Accounts | 1,378,304.97 | | |
| | | 20,234,881.46 | |
| Inventories | | | |
| Raw Materials at Cost or Market Whichever is Lower | $12,852,179.76 | | |
| Work in Process at Present Manufacturing Cost | 5,120,097.58 | | |
| Finished Goods at Present Manufacturing Cost | 14,349,684.56 | | |
| | | 32,321,961.90 | |
| Total Current Assets | | | $70,059,767.40 |
| **Fixed Assets** | | | |
| Land, Buildings, Machinery and Equipment | | $197,679,234.15 | |
| Real Estate Leaseholds | | 519,666.21 | |
| Power Leaseholds, Undeveloped Water Power, Patents, Trademarks, etc | | 1.00 | |
| Total Fixed Assets | | | 198,198,901.36 |
| **Investments** | | | |
| Investments in Affiliated Companies, the Assets and Liabilities of which are not included in this statement | | $2,061,379.73 | |
| Real Estate Mortgages | $314,065.80 | | |
| Notes Receivable Maturing After 1929 | 5,170,196.29 | | |
| | | 5,484,262.09 | |
| Other Securities | | 3,976,404.57 | |
| Total Investments | | | 11,522,046.39 |
| **Deferred Charges** | | | |
| Prepaid Insurance, Taxes, etc | | $1,419,540.42 | |
| Bond Discount | | 310,097.89 | |
| Total Deferred Charges | | | 1,729,638.31 |
| TOTAL ASSETS | | | $281,510,353.46 |

### LIABILITIES

| | | | |
|---|---|---|---|
| **Current Liabilities** | | | |
| Notes Payable | $118,262.50 | | |
| Accounts Payable | 4,554,068.36 | | |
| | | $4,672,330.86 | |
| Bond Interest (Unpresented coupons and interest payable January 1, 1929) | $103,466.25 | | |
| Bond and Mortgage Interest Accrued | 101,965.42 | | |
| | | 205,431.67 | |
| Dividend Payable January 2, 1929 | | 4,113,108.00 | |
| Accrued Taxes (Including Income Taxes) | | 4,103,598.48 | |
| Accrued Dividends on Outstanding Preferred Stock of Subsidiary Companies | | 74,666.66 | |
| Other Accrued Liabilities | | 288,748.26 | |
| Total Current Liabilities | | | $13,457,883.93 |
| **Funded Debt of Subsidiary Companies** | | | |
| First Mortgage Bonds— | | | |
| Due Feb. 1, 1937, 6% | $1,165,000.00 | | |
| Due July 1, 1941, 5% | 3,428,500.00 | | |
| Due July 1, 1950, 6% | 318,000.00 | | |
| Due Oct. 1, 1955, 5% | 3,806,000.00 | | |
| | | $8,717,500.00 | |
| Mortgages on Real Property— | | | |
| Due Jan. 1, 1930, 5% | $3,000,000.00 | | |
| Due Dec. 14, 1932, 5½% | 105,600.00 | | |
| | | 3,105,600.00 | |
| Debentures— | | | |
| Due April 1, 1958, 5% | | 1,288,900.00 | |
| | | | 13,112,000.00 |
| TOTAL LIABILITIES | | | $26,569,883.93 |
| **Reserves** for Depreciation, etc | | | 44,363,008.20 |
| **Preferred Capital Stock of Subsidiary Companies** | | | 7,350,000.00 |
| **Capital Stock of Union Carbide and Carbon Corporation—2,742,072 Shares, No Par Value** | | | 116,621,425.41 |
| **Surplus** (Capital and Earned) | | | 86,606,035.92 |
| | | | $281,510,353.46 |

### INCOME

**(Fiscal Year Ended December 31, 1928)**

| | | |
|---|---|---|
| **Earnings** (After Provision for Income Taxes) | | $39,527,253.14 |
| *Less—* | | |
| Depreciation and Depletion | $7,060,086.52 | |
| Other Charges | 634,770.07 | 7,694,856.59 |
| | | $31,832,396.55 |
| *Deduct—* | | |
| Interest on Bonds, Mortgages and Debentures of Subsidiary Companies | $692,013.89 | |
| Dividends on Preferred Stock of Subsidiary Companies | 563,000.00 | 1,255,013.89 |
| NET INCOME | | $30,577,382.66 |

### SURPLUS

| | | |
|---|---|---|
| **Surplus at January 1, 1928** | | $72,557,917.77 |
| **Deduct—** | | |
| Net Adjustments Not Applicable to 1928 Operations | | 294,056.51 |
| | | $72,263,861.26 |
| **Add—** | | |
| **Net Income for year 1928 (As Above)** | | 30,577,382.66 |
| TOTAL | | $102,841,243.92 |
| **Deduct Dividends Declared on Union Carbide and Carbon Corporation Stock:** | | |
| No. 42—$1.50 per share, paid Apr. 2, 1928 | $3,989,599.50 | |
| No. 43— 1.50 per share, paid July 2, 1928 | 4,019,392.50 | |
| No. 44— 1.50 per share, paid Oct. 1, 1928 | 4,113,108.00 | |
| No. 45— 1.50 per share, payable Jan. 2, 1929 | 4,113,108.00 | 16,235,208.00 |
| SURPLUS AT DECEMBER 31, 1928 | | $86,606,035.92 |

**Note:** Includes twelve months' earnings (viz., to September 30, 1928) of subsidiaries other than United States and Canadian.

We have examined the books and records of Union Carbide and Carbon Corporation and its subsidiaries and, accepting the statements of other auditors with respect to subsidiaries other than United States and Canadian, and including earnings of Acheson Graphite Corporation for the calendar year, we certify that, in our opinion, the foregoing consolidated statements set forth truly the financial condition of the Corporation and its subsidiaries and the results of operations as of the dates stated, and are in accordance with the books.

March 6, 1929. HURDMAN AND CRANSTOUN.

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JEROME T. CONGLETON, *Mayor*
NEWARK, N. J.


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